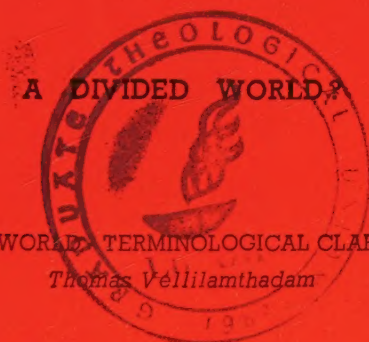


JEEVADHARA

A JOURNAL OF CHRISTIAN INTERPRETATION



A DIVIDED WORLD?

A DIVIDED WORLD: TERMINOLOGICAL CLARIFICATIONS

Thomas Vellilamthadam

**UNDERDEVELOPMENT:
CONCEPT, CAUSES AND CONSEQUENCES**

George Earethara

PERSPECTIVES ON UNDERDEVELOPMENT

Paul Parathazham

THE CHRISTIAN CONCEPT OF DEVELOPMENT

Thomas Chakiath

**ECONOMIC COOPERATION BETWEEN
THE EUROPEAN COMMUNITY AND DEVELOPING COUNTRIES**

Walter De Klerck

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JEEVADHARA

The Problem of Man

A DIVIDED WORLD ?

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Editorial

This issue of *Jeevadhara*, built around the idea of the division of the world into two, is an invitation to Christians everywhere to join those who are already aware of this world-wide problem. The division is a fact. The world in which we live is a divided world.

The problem of this study is to present a view of the relationship between the poor nations (underdeveloped nations, South, Third World, maya world) and the rich nations (developed countries, North, First world, performance world). Most of these terms are misleading, for they are based on economy alone, not on the richer view of human life: ethical, religious, aesthetic and cultural spheres of man. Even the more laudable term 'developing' countries is to a certain extent a miserable one, since the gap between the poor and the rich nations increases.

Although the problem of the division of the world into poor and rich nations is evident, the terms used to describe these two worlds are not. Moreover, since the initial analyses were done by those in the economically rich nations, the vocabularies too have their necessary historical and sociological undertones. Hence the need to have a preliminary terminological clarification. This is the object of the first article by Thomas Vellilamthadam.

The article by George Earathara is an attempt to define the concept of underdevelopment. He describes the problem, its causes and consequences. Paul Parathazham exposes the classical theories regarding the relation between developed and developing countries. In the post-World War II period, there were the dichotomous concepts of 'tradition' and 'modernity', in which the phenomenon of

underdevelopment was explained in terms of factors internal to the underdeveloped societies. In 1970s this paradigm was found inadequate. There arose the pair of concepts 'core' and 'periphery', which tried to locate the sources of underdevelopment outside these societies. The author concludes that a complete theory must take into consideration both internal and external factors.

What is the Christian view of the concept of development? What has the Church to say in this regard? Various ideologies have been working hard to enforce their approaches to development. Unfortunately, the development models offered by them are damaging. Thomas Chakiath analyses the documents of Popes, which stress the integral development of man.

A final article by Walter De Klerck is an account of the economic cooperation between the European Community and the developing nations, especially India. The European Community, conceived in 1950, integrates the original European Coal and Steel Community (ECSC), European Economic Community (EEC) and European Atomic Energy Community (Euratom). Now it has 10 Member States, in 1986 it will have 12 Member States. The achievements of the European Community include the establishment of the European Monetary System (EMS), adoption of a common energy policy and of a common development policy to help the developing countries, including India.

Thomas Vellilamthadam

A Divided World - Terminological Clarifications

The purpose in studying the problem of the existence of two worlds must not be purely academic. The contemporary man has to be helped to deal with matters of burning concern that in his daily life are unavoidable. The real issues of hunger, poverty, domination, exploitation, ecology, oppression, sexism, racism, disintegration of families, peace and cooperation — these are not side issues. Any philosophical or theological research that fails to touch such issues is irrelevant and meaningless to the contemporary man.

The study of world problem must inevitably be seen from a planetarian perspective. Philosophical view is intrinsically universal at its very heart. Though the problem is ancient, it has taken on a contemporary importance because of manifold concern about the ways in which the problem of relation between the rich and the poor nations could be settled. The growing gap between them is a dangerous threat to world peace. "If mankind is to survive...the gap between the rich and the poor must be closed — quickly."¹

Before making any serious philosophical views on the relations between the poor (maya world) and the rich (performance world) nations, some preliminary remarks have to be made on what we mean by these terms. What will become evident is that the problems lie pretty much the same on both the maya world and the performance world. It is a fact that these concepts have become the most puzzling of all phenomena in the contemporary

1. Cf. R. Sider (ed.), *Evangelicals and Development* (Exeter, UK: 1981), 9

world. Thus we are immediately faced with the question of terminology. This is inevitable in a new field of discussion. But we do not have on hand any precise definition of these terms; rather we have stumbled into a conceptual field in which for many years the most passionate debate has taken place. We would like to make a preliminary remark that it is not our intention here to deal with an exhaustive treatise on the problem of the maya world and the performance world.

I

1. Underdeveloped and developed countries

It is clear that this is a division based on the concept of development. It implies a division at the socioeconomic level. It is an example of a basic semantic mistake, since 'development' might imply in this case the recognition of only an economic development. There is still another confusion of terminology. The so-called developed countries are developed, but they contain sectors which are under-developed. In the same manner the so-called underdeveloped countries include quite developed sectors.

Thus it is very difficult to give a clear, unequivocal and satisfactory explanation of the term 'development'. The term itself evokes an emotive reaction. It arouses feelings, often favourable, about oneself as an individual and a citizen, about one's fellow-citizen, about one's country, and even about one's religion. Most probably it arouses a positive connotation: material development (economic and industrial progress). Then it is a quantitative concept of development, that is, one often equated with the economic growth or increase in G.N.P. (Gross National Product). But can we limit ourselves to this aspect of development alone? The economic development though essential and indispensable for all other progress is only one aspect of the concept of development. To situate the economic and material development in the integral development of man, embracing cultural and religious dimensions, is important for our purpose. Development then

indicates the whole progress of man: progress and advancement of the whole human being. This comprises the economic, social, political, cultural and religious aspects as well as individual and societal dimensions of human life. Through this integral development, man becomes conscious of himself, his dignity, his tasks and his potentialities. As a conscious subject, he shapes his own destiny and that of his fellowmen. He feels responsible for his 'neighbours'. It is here that the concept of social justice enters into that of development. Development then consists of liberating oneself and one's 'neighbours' from all kinds of servitudes (internal and external), backwardness (economic and social), oppressions (institutional and technological), alienations (psychic and cultural) and exploitations (structural and political). This is its qualitative aspect, which joins the mainstream of the process of humanization. Development as liberation points towards the promotion of integral man and his values (personal and societal). This qualitative concept as humanization contains an ethical content in which the role of religion is being stressed: development as the pathway to humanization. The end of all development then is nothing else than man himself. There is an integral relationship between development and humanization, completing and complementing each other. They indicate the struggle of mankind towards a better tomorrow. A philosophic and religious reflection lends itself to promoting the ideals of development, putting greater stress on man.

It is in the quantitative sense that the United Nations Organizations distinguishes among the so-called under-developed countries

- a) the LDC (Least Developed Countries) with US \$ 100 GNP per head. There are about 215 million people in this group;
- b) the MSAC (Most Seriously Afflicted Countries) with very low income per head, low currency resources, high level of debt. There are about one billion in this group (that is, half of the population of the under-developed nations).

There is another division proposed by Robert McNamara

- a) poorest nations with less than US \$ 200 per head GNP
- b) developing countries with more than US \$ 200 per head GNP
- c) industrialized nations

Hundreds of millions of people are experiencing poverty at the absolute level. They lead a struggle for mere existence.

2. Third World and First World

'Third World' is a term preferred by those in the First World and it characterizes clearly the politico-economic domination in the present global set up. Term 'Third World' is ambiguous too, for it indicates 'remnants of unconscious colonialistic attitude' (R. Panikkar). Originally in 1950s the term was seen as a 'third force' of non-aligned, non-industrialized and underdeveloped countries of Asia, Africa and Latin America in contrast to the capitalist forces of the NATO and the communist-aligned countries of Warsaw Pact. More recently, the poor and oppressed of the USA and Europe have been seen as belonging to 'Third World' group.

In a sense, the concept 'Third World' is in its origin a geographical one in so far as certain countries organized themselves neutrally as against the so-called capitalist countries and the communist countries. The young nations of Africa, Asia and Latin America which became independent from colonialism found themselves together in this third force. The dependence — economic and cultural — lies at the root of the force that unites these nations. These countries are fully aware of the age-old servitude brought about by the political dependence. In so far as they were for many centuries robbed of their natural resources, they remain even now economically and socially dependent. It is unfortunate that even at the last quarter of this century, many of these nations are forced to sell their cheap raw materials and labour in order to arrive at the so called level of 'development' of the highly industrialized nations of the First World.

At the same time, the concept of 'Third World' is not self-evident and is by no means to be seen purely in a geographical sense. "During the last twenty years the expression 'Third World' has assumed various meanings beginning with the purely geographical (South against North), passing on to the socio-economical and political and now finally taking the theological significance. The Third World has become a very powerful coalition of countries which is effective when representing the demands of the developing countries in the international forum of the economic system by proposing a new international economic order. Over and above these political and international aspect, the Third World, in the mean time, represents also that historical potential of those who did not till today have a voice in determining the course of history but are now looking for their right place in the world."²

The Third World is found within the advanced industrial nations too. A group of Indian trade union and social workers touring the United States of America in the wake of the Bhopal Gas disaster in 1984 found in the US Appalachian region "people standing for hours to collect drinking water at Yellow Creek, Tennessee, farm labourers with no toilets or clean water in North Carolina"³.

The division between the poor and the rich nations on the socio-economic level has grown to such an extent that it is no longer sufficient to speak of the 'Third World'. 'Fourth' and 'Fifth' worlds are already existing, comprising more than 900 million people who are found mainly in the Indian sub-continent, regions of Africa, in the pockets within Latin America and city ghettos of the advanced industrial nations.

3. South and North

These terms South and North came from the report of the Independent Commission on International Develop-

2. Cf. H. Waldenfels, "First Evangelization as challenge to third world theology", *Verbum SVD* 26 (1985), 126-27

3. Quoted in *Indian Express*, June 28, 1985

ment Issues under the Chairmanship of Willy Brandt. Many authors adopt this trend: "I refuse the term 'Third World' 'developing', or 'poor' to describe the nations of Africa, Asia and Latin America. Instead I have used a blanket term, Southern Nations. The older terms define these Southern countries in relation to the industrial ones. This, I hold, is no longer necessary nor even desirable. Alternatively, I do not use the terms 'developed', 'traditional' or 'advanced' in the text."⁴

The North is the developed, the industrialized and the rich part of the world. The South is the underdeveloped, largely agricultural and the poor region of the world. The problems of the North and South seem to concern their interrelationships and interdependence in all matters especially those relating to international economic and social development.

It is to be noted that there was no 'South' or 'North' before the Second World War. All the nations pursued policies in their international politico-economic relations, trade, industry, payments and the like as suited their national interests regardless of their consequences and repercussions on the other nations except to the extent of their retaliatory steps which may be envisaged by other nations afflicted by these national policies. During the decade after the World War II there emerged a series of new sovereign states which had freed themselves from the iron fists of the colonial rules.

In the course of the subsequent decades the differences in the rate of growth between the South and North were so marked that the gap between the poor and rich nations increased rather than narrowed. The establishment of the international economic institutions by economically powerful countries, namely, General Agreement on Tariffs and Trade (GATT), International Monetary Fund (IMF) and International Bank for Reconstruction and Development (IBRD) were meant for the rehabilitation of the rich coun-

4. C. Alvares, *Homo Faber. Technology and Culture in India China and the West 1500 to the Present Day* (New Delhi: 1979), XXII

tries after the post-war period. These institutions were inadequate to solve world problems, especially world economic inequality, in 1970s. In fact, there were signs of the breakdown of stable exchange rates and growing protectionism in international trade. The countries of the North still hesitate to share their predominant control over international monetary system. Moreover, the North has experienced progress in economic sphere in an unprecedented and undreamt manner.

4. Non-Being and Being

Philosophically speaking, the developed First world is the world of Being, while the undeveloped countries have become the world of Non-being. The Being is, while the Non-being is not! The Being possesses, while the Non-being does not. Being has wealth and power. Non-being has neither wealth nor power. The world of Being is the world of domination. It has acquired the dimension of a planetarian domination over the Non-being. It radiates its influence through technological and technical domination. Because of the economic and political unfreedom, the Non-being is the 'un-recognized' sphere.

5. Maya World and Performance World

The term 'maya world' and 'performance world' have not yet come into vogue in the philosophical discussions. One has therefore the task to define the concepts and it means that the literal meaning of the term 'performance' concerns the process of performing and hence accomplishing the reality principle.

Herbert Marcuse (1898-1979), the German-American philosopher, coined the term 'performance principle'. Marcuse criticises the Freudian view regarding the relation between man and society. Sigmund Freud (1856-1939) affirms the incompatibility of Eros and Ananke (scarcity). "Civilization has been created under the pressure of the exigencies of life at the cost of satisfaction of the instincts; and ... civilization is to a large extent being constantly created anew, since each individual who makes a fresh entry into human society repeats this sacrifice of instinctual

satisfaction for the benefit of the whole community."⁵ Marcuse agrees with Freud that poverty and misery are main causes of social repression and that the repressive social order has its origin in scarcity. "The struggle for existence takes place in a world too poor for the satisfaction of human needs without constant restraint, renunciation, delay. In other words, whatever satisfaction is possible necessitates work, more or less painful arrangements and undertakings for the procurement of the means for satisfying needs."⁶ Society "must first create the wealth before being able to *distribute* it according to the freely developing needs of the individual"⁷. And in order to create wealth, labour, enterprise and discipline are necessary. Ordinarily work occupies almost the whole life of an individual; pleasure remains suspended⁸. This is what is happening in the advanced industrial societies where the reality principle has its full force.

Then Marcuse disagrees with Freud. For Marcuse, the reality principle is a *historical* world. He thinks that Freud confounds the biological order with the historical order and presents what in reality is a product of historical contingency as that of natural necessity. Moreover, civilization progresses as an organised domination, as the entire phylogenetic construction shows. "While any form of the reality principle demands a considerable degree and scope of repressive control over the instincts, the specific historical institutions of the reality principle and specific interests of domination introduce *additional* controls over and above those indispensable for civilized human association."⁹ The result is that the prevailing reality principle is no longer the same as that of the previous ages: it becomes performance principle. Under the

5. S. Freud, *The Standard Edition of the Complete Psychological Works of Sigmund Freud* (London: 1953-74), vol 15: 22-23

6. H. Marcuse, *Eros and Civilization* (Boston: 1955), 32-33

7. H. Marcuse, *One-Dimensional Man* (Boston: 1964), 40

8. H. Marcuse, *Eros...*, 33

9. *Ibid* 34. also T. Vellilamthadam, *Tomorrow's Society* (Kottayam: 1978), 54

performance principle society is stratified according to the competitive economic performances of its members.

Marcuse's analysis has been restricted to the so-called advanced industrial nations. He had not taken any interest to see what was happening to the other part of the world where there was no performance at all. Marcuse himself was the product of the performance world and world view. There is a world where the grip of maya reigns supreme, due to the theories and perceptions moulded by the established world religions such as Hinduism, Buddhism, Islam and, to a certain extent, Christianity. These established religious views created an other-worldly interest in men. Performance, work ethics and earthly realities were devalued. Disinterest, *vanaprastha* and excessive care in the other-world made their impacts in day to day life, creating an illusion. This-world began to be seen as an illusion. Underdevelopment of human potentialities created an attitude of inertia, producing scarcity. Reign of Ananke dominates thus most of the countries of the world. Maya world too is not a geographical concept: the deprived, the powerless, the voiceless are found everywhere.

II

Terms like 'Third World', 'Underdeveloped world' and 'South' are misleading, for they are based on economy alone. They disregard the existence of the spheres such as culture, religion, ethics and aesthetics.

The existence of the Maya and Performance worlds is not a new phenomenon but the awareness of its existence is such. We are being increasingly aware that although humankind is one, it has its division too. We can isolate these two worlds in the contemporary world-structure. To sharply isolate these two worlds is no doubt to over-simplify things, but by looking at them separately we shall be able to understand more clearly their specific problems.

It gives a gloomy picture of the planet in which we all live. The great disparity between the maya world and

performance world disturbs the conscience of mankind. While the rich nations become richer, the poor become poorer. "Between 1980 and 1982 the economics of the developing countries grew at only 1.9 per cent a year, largely because of the economic recession and the cutback in international aid. At the same time their populations grew at 2.02 per cent, according to the 1984 State of World Population Report. But per capita income in the poorest nations rose by only about one per cent a year between 1960 and 1981. At present per capita income of the richest country is 220 times the per capita income of the poorest country."¹⁰

The scarcity and poverty found in the maya world make the life in the maya world very low — a low quality of life. PQLI¹¹ is very low in the countries of the maya world. It is a fact that uncontrolled population increase and slow economic growth cause deterioration of human and natural environment. Let us take the case of India. India has 2.4 per cent of the world's land area, but it has 15 per cent of the world's population. Its population density has spiralled to 221 people per square kilometre, while the world average is only 30. In India population increases by more than 13 million each year, 22 million babies are annually born, 9 million people die every year.

The gap between the maya world and the performance world is widening: "even if economic growth in developing countries were to reach unprecedented levels — five or six per cent per year between 1975 and 2000 — that would still leave more than 600 million people below the

10. Quoted in *Impact* 19,7 (1984), 22

11. Physical Quality of Life Index is a new yardstick devised by the Overseas Development Council of Washington, D.C. in which infant mortality, to represent hospital services and maternal and child care, span of life, to represent nutrition and housing, literacy, to represent social and cultural advancement, are given equal marks on a combined scale. The maximum PQLI score is 100 which only Sweden gets. Many of the rich Arab countries have low PQLI. The PQLI for the whole of India is 39 whereas it is 72 for the state of Kerala.

poverty level by the end of the century"¹². As Archbishop Helder Camara says:

"Looking at the goats
with chains round their necks
to stop them getting out of their pen
and invading the plantation,
I found the image I was seeking
for the excluded, under-developed world."¹³

There is a fact that darkens the entire world. In spite of the fact that millions of people face starvation, arms race continues. With this tear in mind, Head of States or Governments of Argentina, Greece, India, Mexico, Sweden and Tanzania demanded an end to the arms race in their 'New Delhi Declaration' of January 28, 1985. It is high time for a drastic reduction in nuclear weapon. Everybody is aware that the vast sums of money being spent on armament cannot be justified, because millions of people in the maya world do not even have a decent way of living. Also, the Nuclear Non-Proliferation Treaty (NPT) is a discriminatory treaty permitting the big five nuclear powers to act as they like while it excludes all other nations from developing.

World leaders call for a world-wide cut in defence-spending by at least 5 per cent to raise 50 billion dollars to meet the basic needs of the people in the maya world. Interest and capital repayments on government development loans to the Third World are also to be rescheduled. A fraction of annual world arms spending would suffice to end famine in the maya world. Willy Brandt says: "The heavy debts of many Third World countries and their low level of economic and technological development cannot be of no concern to the industrialized world. Only socially and politically stable countries in the South can guarantee the North a steady flow of raw materials. In the long run only developed southern economies are good trading partners"¹⁴. The ever-escalating nuclear catastrophe have

12. Cf. *Impact* 19,7 (1984), 22

13. H. Camara, *A Thousand Reasons for Living* (London: 1981), 70

14. Cf. *German News*, 26, 9 (1984), 2

been acquiring a point wherein the entire humanity is being threatened. There is no doubt that both the maya world and the performance world are on the brink of a nuclear holocaust.

On many other levels also the performance world is devouring the maya world. The following words will make the point clear: "Half of the annual global catch of 75 million tonnes of fish landed is from the Third World. Most are caught by peasant fishermen. In Asia small-scale local fisheries provide two-thirds of the total catch. In Africa,, five sixths of the total. Many Third World countries are 'renting out' their 322 kilometre (200 miles) 'exclusive economic zones' to trawlers from industrialized nations. Much of the catch from Third World waters goes to feed Northern livestock and pets, not Third World people" ¹⁵. Sometimes the very same equipments which are banned due to their adverse effects in the performance world are introduced in the maya world. Is the maya world a dumping ground?

From all these, it becomes evident that it is high time to play the crucial role in the process of decolonization. To give an historical example, the US's role in the Latin America was first proclaimed in the Monroe Doctrine of 1823, which declared that "the American continents are henceforth not to be considered as subjects for future colonization by any European powers" ¹⁶. In the same way, the maya world too must proclaim its will not to remain as subject to any powers in the performance world.

There should be a healthy relationship between the maya world and the performance world. There can be two ways of understanding the relationship between the maya world and the performance world. There is a dialectical view according to which both worlds are inimical and antagonistic. The two worlds are seen in perpetual

15. Cf. *The Rally*, Aug. Sept 1985, 21

16. Cf. *The Illustrated Weekly of India*, July 14, 1985, 18

17. R. Panikkar, "The Vitality and Role of Indian Philosophy Today" *Indian Philosophical Quarterly*, 5, 4 (1978), 686

conflict. Their opposition and irreconcilability are expressed in all spheres of activities. It is understood in the present set up that the performance world is meant to oppress the maya world. In this perspective the opposition between these two worlds is an unequal one and is resolved in favour of the sublation of the maya world. Thus the overall view of the maya world is negative: the maya world is exploited and deprecated. There is another view: the dialogical view. The two worlds are not seen as mutually inimical but in some sense as complementary and constructive. The dialogical view is based "on a genuine mutual trust in the other; i. e., on the fact that the other is a source of understanding and of original perspective, just as I am, and that in consequence he/she not only merit human respect, but philosophical attention as well, even if I do not exactly understand his/her opinions. The dialogical dialogue is a real 'going through the logos' (*dia ton logos*) so as to overcome — not deny — the logos by piercing through it and reaching that other sphere of human experience which only confidence in the other qua other can make possible" ¹⁷. In this view, the real interaction between the two worlds is acknowledged and fostered. Each world would preserve its own identity by constructing the shared identity of the whole world.

Let us insist on the need for the global interdependence. The effective forum for dialogue on economic and socio-political issues must be used. It is a fact that social, political and economic issues cannot be solved by majority decisions or decisions based on wealth and power. The many urgent matters requiring attention in the field of economic and technical cooperation such as the environment, development and application of modern technology, presuppose a consensus between the maya world and the performance world, to which all have to contribute their share and which must be fair to both sides. The voices of the wretched have a special say in shaping the face of the whole world. Let them show a sense of determination.

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Underdevelopment: Concept, Causes and Consequences

1. Introduction

A characteristic feature of the modern phase of development has been the technological progress made by the rich nations and their consequent domination over other peoples of the earth. And most countries of the Third World which gained their political independence from the foreign rule in the late 40's and early 50's of this century remain still undeveloped or rather underdeveloped. Since the economically developed nations maintain and strengthen their hold and domination over other nations of the Third World, all the countries which adorn the halo of 'Third World' go poorer and remain stagnant in the sphere of development in every sense of the term, though they differ a great deal from one another in the degree of their poverty.

A proper analysis of the socio-political and economic situation prevailing in the Third World countries will put in clear focus the oppressive and exploitative systems of the advanced countries. When we scan the recent evolutions of productive forces, external trades, international flow of capital it appears that the people of the developing nations are facing an insurmountable obstacle for a veritable economic and social development. Most of the countries of Asia, Africa and Latin America are today craving for their self-determination in political and economic matters. They are in revolt against enslaving and exploiting political, economic and social conditions. Great masses of people in many parts of the world go hungry and are compelled to live in appalling conditions which mock their human worth.

As the scope of this article is very limited it cannot pretend to examine all these aspects of life and struggles of the Third World countries, or to present a scientific analysis which would reveal the latent and overt laws governing their relationship. However, our task is to help the reader discern beneath the superficial phenomena those profound processes which determine the relations between the developed and developing nations. With this end in view we make a critical analysis of the concept of 'underdevelopment' which naturally will lead us to better understand the dependence and exploitation of the Third World by the rich countries.

2. Problem of Underdevelopment

2.1 Relativity of the Concept of 'Underdevelopment'¹

In most current discussions the term 'Underdevelopment' means the failure to provide acceptable levels of living to a large proportion of a country's population. The concept, therefore, is understood in terms of income. It denotes a relative situation that a certain country has not attained at least in the economic sphere a degree of possible development. This inferior states of things prevailing in a country can be perceived in two ways. On the one hand it can be envisaged that a country would have attained a higher development if it had exploited in an intensive and efficient manner its own resources at disposal and on the other certain countries are devoid of human as well as natural resources. In other words development is mostly defined or rather described in terms of economic variables. It indicates backwardness in level and character of economic performance compared with other countries. In this perspective 'Underdevelopment' is a

1. Agarwala A. N. & Singh S. P., (ed.), *The Economics of Underdevelopment* (New York: Oxford University Press, 1958) p. 137; Cfr. also. Bauet P. T. & Yamey B. S., *The Economics of Underdeveloped Countries* (Cambridge: Cambridge University Press, 1957), Gendarme Rene, *La Pauvrete Des Nations*, (Paris: 1963); Jalee Pierre, *Le Pillage du Tiers Monde* (Paris: Maspéro 1937); Ward B. *The Angry Seventies*, (Rome: 1970).

matter of degree and most countries except a few most advanced countries are underdeveloped. The problem of development does not only mean the raising of the minimum standard of living of the people in the developing countries. It also means the creation of economic conditions which will bridge to the maximum extent possible the gap between the developed and developing countries. In fact the standard of living has no meaning unless it also recognizes that it is a comparative concept and not merely an absolute concept. Besides, it connotes a complex of socio-political and economic parameters of underdevelopment.

2.2 The norm mostly used to measure the economic power of a country and its wealth is per capita income. A closer look at the Third World countries reveals an incontestable fact that the countries of Asia, Africa and Latin America lag economically far behind the industrially advanced West.

The international statistics makes available a number of indicators which make it possible to measure the full extent of the economic backwardness of the developing nations and of the deprivation of their peoples in respect of material things². The most useful of these indicators is the per capita income. According to the United Nations' data the average annual per head income in the advanced countries in the early 1960's was U.S\$ 1037 and in the developing countries \$ 83 only.

Many experts identify the developed and underdeveloped countries by the level of per capita income either in the post World War II period or during the period between the World wars. Today the leading advanced countries are U. S. A., Canada, Australia, New Zealand, the United Kingdom, Switzerland, the Scandinavian countries, West Germany, the Netherlands, France and Belgium³. The identity of the underdeveloped countries is well known. They are the most of the Asian, African and Latin

2. Zhukov Y. et alii, *The Third World*, (Moscow: 1970)

3. Agarwala, op, cit, p. 137

American countries. In many underdeveloped countries which account for almost three fourth of the mankind today, economic backwardness means material misery and dire poverty for a large section of the population. This ever widening disparity of per capita income is rather a modern phenomenon. Up until 1700 the levels of development for all countries were relatively close. Excluding primitive societies which represented not more than 15 to 20 % of the world population, China, England, France, India, Japan showed noticeably equal levels of development. During the last century the spread has widened between the underdeveloped countries at one end of the range and the few economically advanced countries at the other. The industrial revolution in the 18th century has brought about changes in per capita gross national product. And today the low per capita income in the most underdeveloped countries is close to the margin of subsistence. The following table will indicate the basic trends, though the exact data may vary from one study to another.

Table 1: Growth of per Capita Gross National Product from 1770 to 1970 (in 1970 U. S. \$)

	1770	1870	1970
Developed Countries	210	550	3300
Europe	220	560	2500
England	270	910	2500
United States		550	4900
Underdeveloped Countries	170	160	340
Latin America	--	--	750
Asia	--	--	260
Africa	--	--	270

(Source: John Desrochers, *The Social Teachings of the Church*, Bangalore: C. S. C. 1981, p. 38)

It is clear from the table that by 1870 industrialization has brought about widening gap in alarming proportions. From 1870 to 1970 the level of volume of per capita production had multiplied six times in developed countries

whereas the per capita production in the underdeveloped countries has just doubled. Thus the gap between the developed and underdeveloped countries went from 3:1 in 1870 to 10:1 in 1970. In the same year the gap between USA and the Third World countries was 14:1 and that between USA and Asian countries 19:1.

In order to better understand this widening gap between the rich and poor countries we may make further analysis of facts and figures. In the developing countries the Gross National Product (GNP) grew at an average annual rate of 4.7 % over the period 1950-1955. Over the same period the rate of economic growth in advanced countries was exactly same. But what made the difference is the per capita increment of 3.4 % in advanced countries and 2.7 % in the underdeveloped countries. During the following decade, however, the situation grew much worse. The gap between the per capita figures — 3.7 % and 2 % — did widen further.

2.3 Other significant characteristics

Of course low per capita income and consequent low savings are the chief criteria of underdevelopment, but there are other characteristics equally significant. For the sake of brevity it will suffice to make mention of them only. The gap between the developed and underdeveloped countries is widening in terms of standard of living, domestic output, foreign trade etc. Besides, there is a significant amount of disguised unemployment. The level of technology is low relative to that known elsewhere. Finally an underdeveloped country trades mainly with highly developed countries and very little with its fellow underdeveloped countries.

3. Causes of Underdevelopment

A proper analysis of the socio-political and economic situation prevailing in the Third World cannot but to take into account a number of factors which speak volumes for the problem of underdevelopment.

3.1 Colonialism and Neo-colonialism

Since 1490 the history of the world has been a process of colonial expansion of the Western powers who engaged military and economic power to capture lands and peoples. It goes without saying that when the West expanded, many of the colonies were in a sort of downward trend in their economic, military and cultural dynamism. With the advent of Europeans in Asia, Africa and Latin America during the period was one of great cultural conflict. And they imposed a different economic and political system on the lands they conquered. This period of history remains for the cultural degradation and alienation of the most of the human race by the West. The European countries namely, Portugal, Spain, England, the Netherlands, France and Belgium developed largely because they could dominate and exploit the resources of the lands newly 'discovered' by them ⁴.

It is estimated that over 500 million gold pesos were exported from Latin America between 1500 and 1600. The total wealth taken out of Indonesia by the Dutch for the period 1650-1780 amounted to more than 600 million gold florin. In the 18th century France profited from the slave trade amounted to nearly a billion livres. Finally the result of the British plunder of India between 1750-1800 is estimated at 150 million pounds. In other words the total amount taken by the Western Europe from the rest of the world comes to a billion pound sterling⁵.

The colonial system collapsed in the late 40's and 50's of this century when many of the colonies attained political independence. Actually, however, it does not signify the end of colonialism. The peoples of Asia, Africa and Latin America have failed to save themselves from the foreign exploitation and from their systematic interference in the domestic affairs. There developed another system known as neo-colonialism. It has indirect control of

4. Tissa Balasurya, *Culture, Development and Christianity*, (Brussels, 1973), p. 10.

5. *Ibid*, p. 10

the political, economic and cultural life of other lands⁶. In brief, neo-colonialism differs from the traditional colonialism in that its forms, methods and contents are more diverse and complex. It employs hidden means over the economy and political decision making process of one nation by another. The erstwhile colonial powers as well as the dominant rich countries manipulate economic forces in order to maintain their domination and benefit. It is effected through trade and political manoeuvres⁷. And the deepest form of neo-colonial influence is cultural. The western cultural values and patterns of development were introduced and imposed. The colonial and neo-colonial system has brought about the following:

- a) As a result of economic impoverishment it has aggravated the difference between the rich and the poor, village and town, the industrial and agricultural sectors.
- b) The balance of economic subsistence existed in the colony before the advent of the western powers was upset by overdeveloping some sectors and neglecting others.
- c) It manifests itself in the economic exploitation that deprives the underdeveloped country of a substantial share of the national resources so urgently needed for their own development.
- d) The underdeveloped country is forced to bolster its defences in view of a menacing threat on its frontiers.
- e) The rich countries interfere in the domestic affairs of the underdeveloped country.
- f) The educational, bureaucratic, legal and military establishments basically maintain the colonial structure⁸.

3.2 Myth of 'Development Aid'

Among the new myths foisted on the poor people of the Third World the myth of development aid is show-

6. Zhukov Y, *op. cit.*, p. 60

7. Amalorpavadas D. S. (Ed.), *The Indian Church in the Struggle for a New Society* (Bangalore: 1981) p. 240

8. *Ibid.* 240

ing its ugly heads all over the developing countries. The first and second phases of the Development Decade are over. Now it is admitted in academic circles and among the knowledgeable experts that aid is a myth. For the flow of resources and funds is the Third World is still from the poor to the rich. In other words the aid given is another form of exploitation of the Third World by the rich countries. For "aid cannot be divorced from non-economic aspects of development so that it cannot fully understood without a knowledge of the historical and social background of both the donor and recipient countries"⁹.

By and large the rich nations receive more from the poor countries than they give to them. Thus Belgium received more from Zaire than it gave Zaire. Similarly Holland from Indonesia, the British from India, France from Africa, Spain from Latin America. That is why at the end of the period of colonialism the West became rich and the peoples in the colonies were made paupers. Political freedom attained by the colonies did not change the relationship of economic domination and dependence. Several recent works did dwell at length on the details of the myth of aid.

First of all the decision to grant aid to another country is fundamentally a political decision. "The reason why such aid is given and what determines the amounts involved requires a detailed knowledge of the political process in the donor country."¹⁰ To the extent that the development process depends upon many social, political and historical factors outside purely economic conditions eminent economists have not yet arrived at generally acceptable theory of economic development. Though the economic and technical aids given to the poor countries by the advanced nations firmly establish their domination. Hence

9. Hawkins E. k., *The Principles of Development Aid*, (London: 1970) p. 86

10. *Ibid* p. 86

the system of aid at first so attractive proves on closer scrutiny to be largely detrimental to the development of the Third World countries. If the poor countries relied more on marketing their produce than on loans and grants, this would induce greater self-reliance, earn more respect and reduce opportunity for exploitation. It is no less a person than J. K. Galbraith, a noted economist of our times who described economic backwardness as a phenomenon which arises because the process of economic development has been too rapid and the initial conditions are unfavourable to check foreign economic domination¹¹.

Considering the way in which foreign aid flows to the developing countries we have to bear in mind that there are basically only two routes by which capital can be made available to a country to assist its economic development. In the first place capital can be made available to help finance a particular item of expenditure and it can be earmarked for the purpose. This way of proceeding known as 'Project Approach'¹² has brought about a rupture in the balance of economic subsistence by over-developing some sectors of economy while neglecting some other sectors. "The alternative way, however, is not bother with the detailed uses for which the resources are required but to look instead at the over-all needs of the economy and to identify the total financial requirements, for development for all purposes."¹³ This is known as 'Programme Approach' of financing over a period of time. According to a noted economist, Hawkins real reason for favouring project approach rather than programme approach by the donor countries is likely to be more political than economic in origin.

Today the advanced countries are focussing their attention on 'technical aid' to the developing nations. 'Technical aid' is a smoke screen for a firmer ideological

11. Agarwal, *op. cit.*, p. 128

12. Hawkins, *op. cit.*, p. 86

13. *Ibid*, p. 86

expansion in the poor countries. This form of aid begins with the training of national cadres in the developing countries and is followed up by sending experts, advisors and instructors from the advanced countries. For the poor countries are experiencing an acute shortage of technicians, physicians and educators. The ratio of engineers in the developing countries is 1 to 3 per 100,000 inhabitants as against up to 40 in the industrial capitalist countries¹⁴.

When we turn our attention to actual statistics of 'aid' it is not easy to find by whom and how much aid has been made available to developing countries. The answer to these questions requires a detailed study of statistical problems surrounding the flows of trade, aid and capital. Such a study is outside the scope of this article, but it is worthwhile to take into account the magnitude of the flows of aid in recent years without entering into the statistical analysis. The available data show relatively small increase in the total flows into the developing countries during the first development decade 1960-70¹⁵.

Another factor to keep in mind is that many statistical figures do not take into account the so called 'reverse flow' of capital moving from the poor countries to the donor countries. Several of the International agencies (International Monetary Fund, International Development Association, United Nations Development Fund, World Bank etc.) created by the rich and powerful nations get their money back. According to a recent UN publication the poor countries absorb more of exports of the United States than European Common Market, Japan and Eastern European countries combined. We have also to take into account the fact that several of the major donors to the United Nations System of financing get their money back because the UN spends most of it in developed countries. The following table makes abundantly clear that the inflow of foreign capital into the Third World compared with relative profits of the foreign companies.

14. Zhukov, *op. cit.*, p. 172

15. Casterman C., *Le Tiers Monde, Tout Savoir sur*, (Paris: 1973); p. 69

Table 2: Direct investments and profits U. S. Companies in the Third World Countries (\$ million)

Year	Direct capital Investments	Profits transferred to U. S. A.
1959	525	1,410
1960	229	1,469
1961	419	1,616
1962	203	1,882
1963	451	1,969
1964	523	2,289
1965	807	2,252
1966	519	2,344

(Source: Survey of Current Business, Aug-Sept. issues for 1960-1967)

The difference between the repatriated profits and the inflow of investment represents the net losses sustained by the Third World countries. It has been estimated that the losses suffered annually by the developing countries as a whole average as much as U.S\$ 3000 million, repatriated as profits to the capital exporting countries. In short the terms and conditions of development aid are becoming more and more onerous; the proportion of grants is declining; interest rates are increasing; repayment periods are shortening and development loans are becoming increasingly tied. The United Nations have estimated that tied aid can increase the cost of goods by as much as 17%. Other estimates place the loss to the recipient countries much higher as much as 20 to 40%.¹⁶

Professor Francois Houtart presents some data on the aid from the poor to the rich countries. "Between 1959 and 1965 the profits going back to the United States from Latin America were four times greater than new investments; \$ 5,297 million compared to 1,251 million; that is a difference of 4,046 million. For Asia, the results were fairly similar: a difference of 5,154 million. If we take one coun-

try in particular, Brazil, we notice that in 1965 \$ 1,814 million came into the country and \$ 2,459 million went out of it to the United States (profits and interests) without speaking of secret transfers of probably \$ 1,000 million. It is estimated that some 4,000 German Marks go back to Germany for every volkswagen built in Brazil. It is also interesting to point out the estimate of 11,000 to 14,000 million dollars of Latin American money banked in American or European (specially Swiss) banks. Moreover some money is reinvested in Latin America under another nationality."

"The debt of Third World countries to rich countries rose from \$ 10,000 million to 40,000 million between 1956 and 1960 and the charges on the debt rose from \$ 800 million to \$ 4,300 million. The day can be foreseen when practically all the aid for development will be used for the repayment of this debt."¹⁷

We may refer also to the speech made by Salvador Allende, as president of Chile to the United Nations in 1972. "In one year, the transnational enterprises repatriated profits from the Third World representing net transfers in their favour of 1,723 million dollars: 1,013 million from Latin America, 280 million from Africa, 366 million from the Far East and 64 million from the Middle East. Their influence and sphere of action are rudely transforming traditional practices in international trade, transfer of technology, transmission of resources among nations and labour relations."¹⁸

4. Consequences of Underdevelopment

4.1 Backwardness, Dependence and Exploitation

Today economic relation between the rich and the poor countries are carried on within the framework of purely business relations. Mainly in the forms of commercial transactions, capital export, international government

17. Francois Houtart, "Underdevelopment" in *Logos II* Vol-3, Colombo, 1971

18. Salvador Allende in a speech to the UN, Dec 1972

credit and aid. International statistics shows us that the rich countries are making money in the world markets at the expense of the Third World. For the most of the developing countries sell their farm-produce and buy manufactured goods with the proceeds. The United Nations Conference on Trade and Development warned among other things that the developing countries by 1970 would be from \$ 9000 to 13000 million short if they had to pay their imports out of the proceeds of the exports. And they would need around \$ 8000 million more to settle their debts and to pay interest on their loans. All these facts and figures lead us to the basic conclusion that the yawning gap between the advanced countries and the Third World is widening ever than before. This state of affairs is described as 'Pillage of the Third World' by Pierre Jalee¹⁹.

The rate of illiteracy will sufficiently illustrate the backwardness of developing countries. It will be seen from the following table that the rate of illiteracy is very higher in the developing countries.

Table 3: Per Capita Income and Rate of Literacy in the developed and developing countries

Countries	National Per capita Income	Rate of illiteracy
Group 1	\$ 1000 and above	2%
Group 2	\$ 575-1000	6%
Group 3	\$ 350- 575	19%
Group 4	\$ 200- 350	30%
Group 5	\$ 100- 200	49%
Group 6*	less than \$ 100	71%

* Group 6: Taiwan, Thailand, Burma, Bolivia, India, Indonesia, Laos, Pakistan

(Source: UN Report on social situation in the World 1961)

Professor John Kenneth Galbraith, former Ambassador to India, proves that for India it was less important to

19, Pierre Jalee, *Le Pillage du Tiers Monde* (Paris: Maspero, 1976)

develop her national industry than to improve public education⁹⁰.

4.2 • Domination

To a large extent the foreign domination has destroyed the self-reliance of government and political systems. With the advent of the Westerners in a few centuries back in the Third World countries every aspect of the life of the peoples was affected. The native languages were relegated to the second place. There is still a mentality among the Indian elite that looks up to the foreign language as superior. The moral values were tampered with in order to suit their interests. To the people in the developing countries every level of technological progress seems to call for a greater adaptation to the western way of life. In India, for instance, the craze for foreign education and training is growing. Large number of educated and uneducated migrate to foreign countries. A two-tier culture one for the elite and other for the masses is fast growing in almost all the developing countries. The westernized elite nurtured by the advanced countries is one of the main elements for the continued domination of the developed country. What we have, therefore, is a culturally alienated elite ruling the developing countries with imported instruments of government, education, mass media, economic organization etc. The value system of this upper class is communicated to the masses also. Besides, the Asian cities are built on the pattern of western cities providing more expensive amenities of life for their upper classes while the masses remain in the villages in dire poverty and misery. Conditions in the slums are even worse. The existing legal system which is part of the culture of the people are made to suit the interest of the economically dominant rulers within the country or abroad. In addition to outright aggression other forms of interference in the domestic affairs of the developing countries and other forms of pressure upon them are practised by the rich nations.

⁹⁰. Galbraith J. K., *Economic Development in Perspective*, (Cambridge; 1962), p. 47

Economic and military blockades are perfect examples for the domination of the rich countries. About 70% of the aid funds allocated by US to the developing countries go to those who are its military and political allies. Whenever possible the rich countries set up obedient puppet regimes and put their own people in the presidential and ministerial chairs. A large number of coups d'état setting up puppet regimes has taken place in the few last decades. It is an established fact that the advanced nations take recourse to armed forces when they feel that the ground is slipping from under their feet. The ultimate aim of the socio-economic strategy which the rich countries have adopted is to retain their domination over the developing nations where they can be exploited by monopoly of capital. Moreover, the colonial system brought about in the poor countries an economy characterised by imbalance between sectors of production. The primary sector was always based on mono-production destined for export. The secondary sector (industrial) was hardly organized with respect to the tertiary sector (service and administration)²¹.

5. Options before the Third World

When we examine the options left before the Third World countries in all its complexity we may find three paths followed by different group of countries of the Third World.

(a) The countries which opted for the communist model of development adopting the ideals of egalitarian society. This has meant national self-reliance with an initial levelling down and even lowering of standard of life in a spirit of sharing and for building a new society. China is a typical example for this type of experiment, which has been able to produce a new cultural synthesis based on Marxist analysis of society, Chinese culture and modern scientific technology.

(b) A number of countries in Asia have made an op-

21. Gendarme Rene, *La Pauvrete Des Nations*, (Paris: 1963), p. 47

tion for the capitalist model of development. These countries are more subjected to economic, political and military domination. They are experiencing a period of high economic productivity with rates ranging from 5 to 10 % a year. But at the same time inequalities are fast growing. Unemployment is an accute problem as the foreign enterprise makes use of highly developed technical know how neglecting the easy availability of human labour. Hence this model of development does not help the poor within the nation very much. On the contrary it gives many opportunities to the rich foreign investors. The braindrain is another form of exploitation as the elite migrate to the advanced countries in order to satisfy their quest for money and western way of life.

(c) Some Third World countries like India are trying a 'middle' path adopting a non-alignment policy. They are suspicious of foreign aid, trade and military presence. In all these countries a diluted form of capitalism is emerging, though economic growth is much slower than in the other two groups of countries. It is noteworthy effort to combine the contrary values of socialism, secularism and democracy along with cultural heritage. However, the disparities of wealth and power are large. The educational system is still based on the academically oriented colonial type. The rural areas are practically backward and unemployment is reaching very serious proportions involving many millions of youth. This group of countries is experiencing the most dire poverty and misery. Yet they seek to be politically, militarily, culturally and even economically independent of the West though not closed to it.

6. Conclusion

Owing to the varying stages of economic development existing among the advanced countries and to the varying factors responsible for their development, strategies required to accelerate the pace of development would differ from one country to another. It is, therefore, essential to devise a global strategy in order to enable the least developed countries to derive equitable benefits. For law of jungle prevails internationally.

Thereby 33% of the world population who consider themselves developed consume about 85% of the world resources and leave 66% of the world population to eke out a meagre existence on the 15% residue. The big and powerful deprive the weak and powerless of their human worth. Unless and until this world order is fundamentally changed there can be no satisfactory solution to the problems of underdevelopment, based on justice, on the basis of justice. What the poorer countries are asking for a fairer system of international economic relations. A theory concerning true development of peoples on earth is yet to be developed which will get rid of a number of existing economic, political, military and cultural myths. The developing countries need to reaffirm that the primary responsibility for their development rests on their own shoulders. The international community has an obligation to rectify unfavourable and exploitative trends and to create conditions under which all nations can enjoy economic and social well-being, and have the means to develop their respective resources to enable their peoples to lead a life free from want and fear.

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Perspectives on Underdevelopment

The disturbing phenomenon of Third World underdevelopment and the widening gap between the rich and the poor nations of the world have engaged the attention of sociologists for quite some time. However, their perspectives vary. There is no agreement among them on the factors that retard development or on the programmes that promote development. As one might expect, the First World sociologists' analysis of underdevelopment has little in common with the way the Third World sociologists perceive it. The sociologists of the developed West generally tend to attribute underdevelopment to the traditional social, economic, and cultural institutions in the Third World. In contrast, the Third World sociologists see underdevelopment as externally induced, a direct consequence of the colonialism of the past and the neocolonialism of the present. The aim of this paper is to identify and elucidate the issues at the centre of this debate and to examine its ideological underpinnings and policy implications.

The emergence of "sociology of development" as a distinctive academic enterprise coincided with the emancipation of a number of Third World countries from colonial bondage during the post-World War II decade. Freedom fired the passion for dignity and decent living in the hearts of millions who for long had been forced to eke out a wretched living from the crumps that fell from the well-filled tables of their colonial masters. The nationalist leaders of the new nations immediately embarked on the task of the social and economic reconstruction of their societies, which had been ravaged by long spells of colonial exploitation. Nearly two-thirds of humanity was in the throes of a profound transformation.

The post-World War II decade was also characterised by a radical realignment of the balance of political and economic power on the international scene. The United

States emerged as the dominant power of the Capitalist world, while the Soviet Union consolidated its power as the leader of the Communist bloc. The struggle of the new nations to achieve modernity and the magnitude of the changes that were taking place in them aroused considerable interest in the capitalist countries of the West, notably the U.S., as they perceived enormous economic and political stakes in the future of these nations. "Development" — as ideology, policy, and field of study — became an urgent priority. The political elite of the capitalist world quickly chalked out a master programme for the development of the newly decolonised, backward areas through international assistance and state intervention. The intellectual elite conceptualised, systematised, and rationalised this programme into what is today known as the modernisation theory.

1. Modernisation Theory

The vast literature on modernisation theory and its manifold variants cannot be reviewed here even in summary fashion. What follows is a necessarily sketchy outline of the salient uniformities of the approach, not an exhaustive review.

The theoretical antecedents of modernisation theory may be traced to the dichotomous conceptions of social transformation found in the works of earlier sociologists like Ferdinand Tönnies (*gemeinschaft* versus *gesellschaft*), Max Weber (traditional versus rational-legal authority), Emile Durkheim (mechanical versus organic solidarity), and Sir Henry Maine (status versus contract). Following this tradition, the modernisation theorists conceptualised the changes that were taking place in the developing countries as a process of transition from tradition to modernity. Most writers on modernisation share certain basic assumptions, which, following S. Huntington (1976), may be summarised as follows:

a) A *revolutionary* process: Modernity is so fundamentally different from tradition that the transition from tradition to modernity is one of the most revolutionary changes in the history of our race.

b) A *complex* process: Modernisation is a multidimensional process which involves profound changes in virtually all areas of human life. Industrialisation, urbanisation, secularisation, structural differentiation, centralisation of political power, expansion of political participation, growth of mass media, and increase in literacy are some of the more significant processes usually associated with modernisation.

c) A *systemic* process: The various sectors of society do not change independently. Changes in any sphere invariably induce parallel changes in other spheres. Modernity is a "consistent whole" (D. Lerner, 1958:438).

d) A *global* process: Modernisation is a world-wide phenomenon which inevitably encompasses all the societies of the world irrespective of their will to modernise. Referring to its ability to penetrate any social context, Marion J. Levy calls modernisation "a universal social solvent" (1967:187).

e) A *lengthy* process: Modernisation is a revolution that takes time. Though "late-comers" may require less time than their predecessors, still modernisation is a process that takes several generations.

f) A *phased* process: It is an unilinear process in which several specific, sequential phases can be discerned. Rostow (1964), for example, has distinguished five stages: traditional, preconditions for "take-off", "take-off", drive to maturity, and mass consumption.

g) A *homogenising* process: Modernisation restructures the varied traditions around the globe according to a single mould that it leads to a convergence among the societies of the world. The universal imperatives of modernisation may lead to a stage "at which the various societies are so homogeneous as to be capable of forming a world state..." (C. Black, 1966:174).

h) An *irreversible* process: In the long run, modernisation as a whole is an irreversible process, even though there might be temporary breakdowns and occasional reversals in certain aspects.

(i) A *progressive* process: Despite the many and profound traumas that it entails, modernisation is not only irreversible, it is also desirable. Modernisation represents progress because it enhances human well-being materially and culturally.

Beyond these basic assumptions, there is a considerable variety of emphases: according to whether conceptual priority is assigned to personality factors, cultural orientations, or social processes; according to the substantive designation of what is considered "modern", or what are regarded as the crucial mechanisms of modernisation; and according to the concrete areas of social action focused on — family, religion, education, demographic trends, role of intellectuals, and so on.

Some like Hoselitz (1960) and Bellah (1958) have employed the "pattern variables" — five dichotomous pairs of action orientation developed by T. Parsons — as a framework for the study of modernisation. In this perspective, the transition from tradition to modernity is seen as a change in action orientation: from particularism to universalism, from functional diffuseness to functional specificity, from affectivity to affective neutrality, from ascription to achievement, and from collectivity orientation to self orientation.

Others have viewed modernisation in terms of social processes and institutional structures. N. Smelser (1963), for example, sees modernisation as involving four distinct social processes: increased application of technology, movement from subsistence to commercial economy, increasing mechanisation, and urbanisation. According to S. N. Eisenstadt, the crucial test of modernity is the institutionalized capacity for sustained growth, that is, "the development of a social, economic, or political system which not only generates continuous change, but unlike many other types of social and political systems is also capable of absorbing change beyond its own initial institutional premises" (1973:25).

While most modernisation theorists focused their attention on the structural processes of modernisation, a few scholars sought to relate modernisation to personality characteristics. Thus D. McClelland (1961) emphasized what he called the "need for achievement" (nAch) as the critical variable in modernisation, while E. Hagen (1962) saw the emergence of creative personalities as the key to modernisation. The studies of Joseph Kahl (1968) and Alex Inkeles and David Smith (1974) in "individual modernity" also focus on the social psychological dimension of modernisation.

2. Decline of modernisation theory

Modernisation theory enjoyed wide acceptance in both Western and non-Western societies in the 1950s and early 60s. However, by mid-sixties there were a number of studies which called into question some of the basic assumptions of the modernisation theory. At first, these studies were dismissed as examples of "infant", "deviant", or "pathological" cases of modernisation. But almost every new study offered more evidence against modernisation theory. The modernisation paradigm collapsed in early 70s under the cumulative weight of contrary evidence. The major criticisms against modernisation theory were twofold: ideological and empirical.

(a) *Ideological*: Perhaps the greatest weakness of modernisation theory was that it was the product of an essentially ethnocentric world view. Modernisation theorists abstracted the attributes of modernity from the features of contemporary Western, especially American, society and then posited these attributes as the universal indices of modernity. As Huntington pointed out, "modern society has been Western society writ abstractly and polysyllabically" (1976:36). The analysis of non-Western societies was thus forced into the procrustean bed of Western experience. The assumption that the Western model is the natural model of development led to many prescriptive statements and ideological preferences. It enjoined that all the countries of the world must follow the path of the

West in their pursuit of modernity. Programmes of development designed on the basis of this belief not only met with failure but also had many adverse effects on the economies of several Third World nations.

Some sociologists saw the modernisation theory as a subtle form of cultural imperialism, an imperialism of values which seeks to superimpose American or, more broadly, Western cultural choices on the developing nations. "Far from being a universally applicable schema for the study of the historical development of human societies, the nature of modernisation theory reflects a particular phase in the development of a single society, that of the United States" (D. Tipps, 1973:72).

(b) *Empirical*: The criticisms subsumed under this category draw attention to the empirical inadequacies of modernisation theory. Only the more important criticisms are summarised here.

First of all, it was pointed out that tradition and modernity are essentially asymmetrical concepts. Modernity is positively defined, and then every thing that is not modern is loosely labelled traditional, making it a residual concept. The conception of a positive concept (modernity) and a residual concept as polar opposite is analytically dangerous because it leads to the assumption that the residual concept has all the coherence and precision of the positively defined concept. Thus it obfuscates the enormous heterogeneity in traditional societies. "Figny tribes, Tokugawa Japan, medieval Europe, the Hindu village are all traditional. Aside from the label, however, it is difficult to see what else they have in common" (Huntington, 1976:35).

Another serious fallacy involved in the tradition-modernity dichotomy is the implied zero-sum relation between the two. Tradition is considered to be antithetical to modernity, and therefore the rise of modernity is seen as invariably involving the displacement or destruction of traditional patterns. Several studies in the developing nations underscored the difficulty in conceiving tradition

and modernity as mutually exclusive and thus denying the possibility of their mutual adaptation and synthesis. Critics argued that in many modern and modernising countries modernisation has consisted not in the substitution of one set of attributes (modernity) for another (tradition) but rather in their mutual interpenetration and transformation. Some pointed out instances where tradition facilitated, rather than impeded, the process of modernisation as in Japan. Others showed how modernisation in some cases has reinforced several traditional patterns (see among others Rudolf and Rudolf, 1967; Srinivas, 1962; and Bon-durant, 1963).

Implied in the rejection of the mutually exclusive nature of tradition and modernity is the repudiation of the view that modernisation is a systematic process, which has been the main thesis of Daniel Lerner (1958). The idea that modernity is a package and so changes in one sphere will necessarily effect parallel changes in all other spheres was contradicted by the studies cited above (see also Barclay, 1965; Singer, 1972; Chekki, 1973; Gusfield, 1967; Nash, 1967). In many countries certain attributes of modernity appeared or were adopted in isolation from other attributes of modernity. This also raised questions about the assumption that modernisation is a global process. As Huntington has pointed out, "modernisation may be simply a peculiarity of the Western culture; whatever changes are taking place in African and Asian cultures could be of a fundamentally different character and have very different results from those changes which occurred in Western societies" (1976:38).

• The inadequacy of the modernisation theory was most dramatically illustrated by the failure of the developmentalist strategies expressed in the growing disparity between the advanced capitalist countries and the developing nations. Instead of bringing about a convergence of the societies of the world, modernisation in fact led to an increasing divergence between the developed and the developing nations.

These criticisms had a devastating effect. The flow of literature on modernisation ebbed. By the mid 70s most sociologists had got off the modernisation band-wagon.

3. Neo-Marxist theories

The theoretical void created by the fall of the modernisation paradigm was soon filled by several theories which attempted to explain Third World underdevelopment from a Marxist perspective. These theories differ from classical Marxism in a number of respects, especially in the understanding of the meaning and role of capitalism. However, they share a common set of assumptions derived from Marxism. They, like Marx, assign a central role to the mode of production in their analysis of society and see the evolution of societies in terms of changes in the economic system. Besides, they too share the belief that capitalism will eventually be superseded by socialism.

a) The development of underdevelopment: G. Frank

Andre Gunder Frank, a Latin American sociologist, is the central figure of the Neo-Marxist school. The opening sentence of his most influential book, *Capitalism and Underdevelopment in Latin America*, succinctly sums up his position: "I believe, with Paul Baran, that it is capitalism, both world and national, which produced underdevelopment in the past and which still generates underdevelopment in the present" (1969:11). Frank rejects the "dualist interpretations" of the modernisation theorists according to which underdevelopment in the Third World countries is the result of their being divided into dual societies, one modern, urban and capitalist, and the other rural, backward, and feudal, with the rural-feudal bloc constituting an obstacle to modernisation and economic development. Underdevelopment, Frank asserts, is not the consequence of the persistence of pre-capitalist modes of production, but rather the result of the advance of the capitalist mode of production. Since the 16th century, first mercantile capitalism, then industrial capitalism effectively penetrated even the remotest sectors of the underdeveloped world. Therefore, the economic, social, political and

cultural structures that we see there today are as much the result of the historical development of capitalism as the seemingly more modern structures that we see in the developed countries. "Underdevelopment is not due to the survival of archaic institutions and the existence of capital shortage in regions that have remained isolated from the stream of world history. On the contrary, underdevelopment was and is still generated by the very same historical process which also generated economic development: the development of capitalism itself" (Frank et al., 1972:9). Both development and underdevelopment are the products of a single historical process of capitalist development. They are opposite sides of the same coin. Underdevelopment is not an original state but an induced state. "Even a modest acquaintance with history", says Frank, "shows that underdevelopment is not original or traditional and that neither the past nor the present of the underdeveloped countries resembles in any important respect the past of the now developed countries. The now developed countries were never *underdeveloped*, though they may have been *undeveloped*" (1972:4).

Capitalist expansion simultaneously generates development and underdevelopment because world capitalism is characterised by a *metropolis-satellite* structure. The developed nations constitute the metropolis, and the underdeveloped the satellites. To understand the development or underdevelopment of any country, it must first be located within the economic structure of the world capitalist system. Speaking of Chile, Frank spells out the metropolis-satellite structure as follows: "The monopoly capitalist structure and the surplus expropriation / appropriation contradiction run through the entire Chilean economy, past and present. Indeed it is this exploitation relation which in chain-like fashion extends the capitalist link between the capitalist world and national metropolises to the regional centres (part of whose surplus they appropriate), and from these to local centres, and so on to large land-owners or merchants who expropriate surplus from small peasants or tenants, and sometimes even from these latter

to landless labourers exploited by them in turn. At each step along the way, the relatively few capitalists above exercise monopoly power over the many below, expropriating some or all of their economic surplus... Thus at each point, the international, national, and local capitalist system generates economic development for the few and underdevelopment for the many" (1969:31-32). The metropolis sucks the economic surplus out of its satellites and appropriates it for its own economic development. The satellites cannot develop for lack of access to their own economic surplus and as a result of the exploitative structure the metropolis introduces and maintains in the satellites' domestic economy.

Frank does not deny that a certain measure of economic development occurs at least in some of the more advantaged satellites. But he says that the economic development that does occur in the satellites is at best a "limited" or underdeveloped" development, as it is constantly dependent on the metropolis. Real development requires the structural transformation of a society's socio-economic system which permits self-generating and self-perpetuating use and development of the people's potential. Dependent development is neither self-generating nor self-perpetuating. Moreover, the ruling class of the dependent countries has an interest in maintaining the exploitative metropolis-satellite structure as their position and power depend on it.

How can the underdeveloped countries break free from the strangle-hold of the world capitalist system? Frank's answer is Marxian: revolutionary overthrow of capitalism and the introduction of socialist development.

b) World system theory: I. Wallerstein

Wallerstein in his magisterial work, *The Origins of the Modern World System*, attempts to carry to its logical conclusion the theory outlined by Frank. Wallerstein begins by emphasising that any social system must be analysed in its totality. But the nations in the modern world are not closed systems and cannot be analysed as

if they were total systems in themselves. According to him, the defining characteristic of a social system is "the existence within it of a division of labour, such that the various sectors or areas within are dependent upon economic exchange with others for the smooth and continuous provisioning of the needs of the area. Such economic exchange can clearly exist without a common political structure and even more obviously without sharing the same culture" (1982: 31).

Wallerstein says there are two kinds of social systems: mini-systems and world systems. Mini-systems are those which have a single division of labour and a single cultural and political framework. These were characteristic of very simple agricultural or hunting and gathering societies and are now defunct. World systems have a single division of labour but multiple cultural systems. There are two varieties of world systems, world empires and world economies. World empires have a single division of labour and a single political system, but multiple cultural systems, while world economies are characterised by a single division of labour, multiple polities and multiple cultures. Capitalism, which emerged in the sixteenth century, is a world economic system because it is characterised by a single division of labour (market exchange), although it cuts across multiple polities and cultures.

Wallerstein identifies three structural positions within the world economic system: core, periphery, and semi-periphery. These positions had become stabilised by about 1640. The key fact in the emergence of this three-tier system is that "given slightly different starting points the interests of various local groups converged in north-west Europe, leading to the development of strong state mechanisms, and diverged sharply in the peripheral areas, leading to very weak ones. Once we get a difference in the strength of the state machineries, we get the operation of unequal exchange, which is enforced by the strong states on the weak ones, by core states on peripheral areas. Thus capitalism involves not only appropriation of

surplus value by an owner from the labourer, but an appropriation of the surplus of the whole world economy by the 'core areas' (1982:40). Wallerstein thus sees the polarisation of the nations of the world into core and periphery primarily as a function of the strength of their state machineries, with the strong states being able to manipulate the markets to their advantage at the expense of the weak ones.

Semi-periphery, the intermediate position between core and periphery, has access to a limited portion of the surplus. The existence of this middle stratum renders the world economy politically stable because the upper stratum is not faced with the unified opposition of all the others, since the middle stratum is both exploited and exploiter. The ambivalence of the intermediate tier serves to diffuse antagonisms and prevents a united revolt against the core states.

(c) Dependency theories

When Frank and Wallerstein speak of "dependence" of the satellite on the metropolis or of the periphery on the core, they use the term in economic as well as political sense. Not only is the satellite's economy dependent on the metropolis, but also the power of the ruling elite is dependent on the continuance of the metropolis-satellite chain. Dependency theorists, a school of radical Latin American economists, have analysed further the pattern and implications of dependence in the economic rather than political sense. They point out that even an independent nationalist government in the periphery, which has the will and desire to promote capitalist development cannot do so successfully because of the constraints imposed by the international environment. Dos Santos, a leading dependency theorist, defines dependence as follows: "By dependence we mean a situation in which the economy of certain countries is conditioned by the development and expansion of another economy to which the former is subjected. The relation of interdependence... assumes the form of dependence when some countries (the dominant ones) can expand and be self-sustaining, while other

countries (dependent ones) do this only as reflection of that expansion" (as quoted by Brewer, 1980:177).

Dependency theorists argue that the development in the dependent countries is restricted in a number of ways because of their subordinate position in the world system. First, they suffer from direct exploitation. Foreign firms repatriate profits overseas instead of reinvesting in the local economy, thus retarding its growth. Second, foreign suppliers tend to dump outmoded equipment and technology in the dependent countries, so that they cannot compete effectively in the international market. Third, dependency on foreign interests and foreign capital keeps the states weak and prevents them from protecting the interests of the domestic economy. Fourth, dependency leads to susceptibility to price manipulations in the domestic and overseas markets. The domestic market becomes flooded with imported consumer goods, while exports to pay for them are harmed by the instability of world demand and prices. The result is often trade deficits, growing. Fifth, dependency causes economic growth that occurs to be confined to small enclaves. These enclaves and the bourgeoisie in them are more oriented to foreign economic interests than domestic ones. Linkages with the rest of the economy are minimised, reducing multiplier effects of foreign investment. The result is unbalanced development or economic dualism, with the disparity between a small, modern economic sector and the remaining backward parts becoming more pronounced. Finally, dependence on foreign aid and credit reduces domestic capital formation, resulting in a lower rate of economic growth.

Dependency theorists provide a useful analysis of the economic aspects of dependence. They show how development in the periphery is stifled by limited markets, balance of payments, and technological dependence.

4. Current debates

The Neo-Marxist theory of underdevelopment has given rise to a number of debates. These centre on two

interrelated issues: the nature of capitalism and the nature of development in the Third World.

(a) Nature of capitalism

The Neo-Marxist perspective on capitalism represents a fundamental shift from the classical Marxian perspective. For Marx the defining characteristic of capitalism was free wage labour. In contrast, Frank and Wallerstein define capitalism in terms of production for exchange in the world market, irrespective of whether wage labour is employed or not. Further, classical Marxism viewed capitalism as a system promoting general, if uneven, development throughout the world. According to the Neo-Marxists, however, capitalism does not promote general development; it promotes development in some areas and underdevelopment in other areas. In other words, for classical Marxists (Marx himself to Lenin and his contemporaries) capitalism is a dynamic force for general development, while for the Neo-Marxists it is basically a static system of exploitation.

A number of scholars have recently risen to the defense of the classical Marxist analysis of capitalism. Laclau, in an article which has been the starting point for much controversy, questions the validity of Frank's definition of capitalism as a system of production for exchange in the market. He says: "Of course, Frank is at liberty to abstract a mass of historical features and build a model on this basis. He can even, if he wishes, give the resulting entity the name of capitalism... But what is wholly unacceptable is the fact that Frank claims that his conception is the Marxist concept of capitalism. Because for Marx — as is obvious to anyone who has even a superficial acquaintance with his work — capitalism was a mode of production. The fundamental economic relationship of capitalism is constituted by the free labourer's sale of his labour power, whose necessary precondition is the loss by the direct producer of the means of production" (Laclau, 1977:23).

Laclau goes on to argue that underdevelopment is not the result of capitalist penetration as the Neo-Marxists

claim, but rather the consequence of the persistence of pre-capitalist (feudal) mode of production in the Third World.

Brenner builds on Laclau's critique of Frank and adds a forceful critique of Wallerstein. However, he advances somewhat different positive arguments. He maintains that what differentiates capitalism from all other modes of production is its inherent tendency to develop the forces of production and thus increase productivity. He says: "Wallerstein does not, in the last analysis, take into account the development of the forces of production through a process of accumulation by means of innovation, in part because to do so would undermine his notion of the essential role of the underdevelopment of the periphery in contributing to the development of the core, through surplus transfer to underwrite accumulation there. More directly, Wallerstein cannot — and in fact does not — account for the systematic production of relative surplus product, because he mislocates the mechanism behind accumulation via innovation in production for profit on the market" (Brenner, 1982: 58).

P.P. Rey is another author in the classical Marxist tradition who emphasises that capitalism has the same effect (development) everywhere. He says: "let us cease to reproach capitalism with the one crime it has not committed, that it could not think of committing, constrained as it is by its own laws always to enlarge the scale of production. Let us keep firmly in mind that all the bourgeoisies of the world burn with desire to develop the underdeveloped countries" (Rey, 1973:16). Like Laclau and Brenner, Rey too locates the cause of underdevelopment in the Third World in the persistence of precapitalist modes of production and their "articulation" (interaction) with capitalism. Although Rey disagrees with Frank's analysis of the cause of underdevelopment, he agrees with Frank's solution for underdevelopment: socialist revolution.

b) Nature of development in the Third World

Most scholars agree, if somewhat grudgingly, that there has been substantial industrial development in the

Third World in recent years, although the gap between the rich and the poor nations has been widening over the years. Neo-Marxists have characterised Third World development as "dependent development", or "growth without development". They maintain that the kind of industrialization that is occurring in the periphery is neither self-generating nor self-sustaining. It merely reproduces the relations of dependence between centre and periphery in ever new forms and thus perpetuates imperialism. This Neo-Marxist thesis has been challenged by several scholars, notably Bill Warren. Marshalling considerable amount of empirical data, Warren argues "that the prospects for successful capitalist economic development of a significant number of underdeveloped countries are quite good; that substantial progress in capitalist industrialization has already been achieved;...that insofar as there are obstacles to this development, they originate not in the current imperialist - Third World relationships, but almost entirely from the internal contradictions of the Third World itself;...and that the ties of dependence binding the Third World to imperialist countries have been, and are being, markedly loosened, with the consequence that the distribution of power within the capitalist world is becoming less uneven" (Warren, 1973: 3-4).

As Bernstein (1982) has rightly pointed out, the disagreement between the Neo-Marxists and the Warren school stems from different ways of understanding development. Neo-Marxists understand development not simply in terms of increased productivity, but increased productivity coupled with more egalitarian income distribution, full employment, increased social welfare, and so on. Warren, in contrast, conceives development solely in terms of accumulation and expanded reproduction of capital.

5. Conclusion

The dominant image of the world in the two decades since World War II was shaped by the dichotomous concepts of "tradition" and "modernity". In the 1960s the

tradition-modernity paradigm came under attack, and the developmental strategy based on it was rejected as theoretically inadequate, empirically untenable, and policy-wise ineffective. The 1970s witnessed the rise of a new model built on another pair of major concepts: "core" and "periphery". If the "tradition versus modernity" paradigm attempted to explain underdevelopment in the Third World countries primarily in terms of factors internal to those societies, the "core versus periphery" model sought to locate the sources of underdevelopment outside those societies, in the socio-logic of the world capitalist system.

Both paradigms, in my view, suffer from the same deterministic bias. The traditional structure of a society, particularly its class structure as the classical Marxists have emphasized, is certainly important in understanding its developmental dynamics. But the attempt to explain the social and economic dynamics of a society exclusively in terms of its internal factors, without taking into account the external forces that impinge on it, betrays sociological naivete. No doubt, the Third World sociologists were right in insisting that the economic dynamics of a society must be understood in terms of its location within the world economic system. But the Neo-Marxist theory which seeks to blame the exploitative world capitalist system for all the ills of the Third World speaks more of the underdevelopment of Third World Sociology than of Third World underdevelopment. A complete theory must take into account both internal and external factors. The relative importance of external versus internal factors in the developmental dynamics of a society at any particular point in time is likely to vary according to its past history, its present structure, and its location within the international system.

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The Christian Concept of Development

The issue of development has become one of the major challenges of today. The cruel poverty of about 80% of the world population living in the developing countries makes development a matter of great urgency especially because of the new awareness that the abject misery of these countries very seldom can be attributed to nature or to chance. It is often a man-made reality. Unjust socio-economic systems like Colonialism, its corollary 'the International Division of Labour', and unjust World Trade etc., no doubt, have contributed for the present day marginality of the developing countries. In short, the contemporary socio-economic underdevelopment, to a great measure, is the result of a whole complex of institutional and attitudinal forces built up in the past by the affluent nations and groups of people.

The fact of world wide misery and poverty in the midst of affluence and scientific capabilities for progress, and the fact that they are caused by unjust ways of life have helped to create a sense of historical moral responsibility in every person regarding the formation of a more just and humane world. The building up of such a world, where every individual person will have adequate chance of fulfilling himself in every sense, definitely is the most pressing task of the contemporary society. This awareness of the historical responsibility for development has given added impetus for serious deliberations on the question. Generally, these discussions aim at defining the content and approach to development.

The concept of development is in a process of evolution and it has been gaining new meanings and dimensions in the course of last few decades. Various groups of people of diverse and even opposing ideologies like Capitalists, Marxists etc. have been working hard

to enforce their own concepts and approach to development. The development models offered by these ideologies have become not only inept but detrimental to the ideal human progress. Our task here is to discuss in short the Christian approach to development.

Before we explain this concept it is worth looking into the different approaches of Capitalism and Marxism regarding progress on the background of which we will be able to comprehend the christian vision.

The Liberal Capitalism is materialistic in outlook. It has helped to develop science and technology and thereby to enhance the productivity with alarming speed. Nevertheless, it fails to promote justice, equitable distribution of wealth, world peace and the protection of the environment. Profit motive and uncontrolled competition are the dynamic forces of liberal capitalism and hence, to a great extent, it disregards many human and moral dimensions of man's life. Thus it fails in the formation of a new type of man and society with sublime attitudes of love, justice, universal brotherhood and co-operation¹.

On the otherhand, Marxism, though it gives emphasis to equitable distribution and social justice, fails to promote the integral growth of man and society. Its vision of man is materialistic and the emphasis naturally is laid on economic growth. Its atheistic stand and the acceptance of the violent methods of social transformation obstruct the integral human progress. Thus developmental plans and policies of both the Marxian and capitalistic traditions give emphasis on material progress and only a negligible attention is given to the integral progress of man and human race. The present day crisis that are being surfaced in all realms of societal life, no doubt, is the product of these defective developmental concepts.

In this context it is inevitable that the Church clarify her vision and strategy of development. Recent ecclesial documents like "Populorum Progressio", "Mater et Magi-

stra", "Justice in the World" etc. have brought to light its different dimensions. The encyclical "Populorum Progressio", the most important document on the issue, defines the term 'development' as follows:

"Development cannot be limited to mere economic growth. In order to be authentic it must be complete, and integral: that is, it has to promote the good of every man and of the whole man."²

Besides considering development as humanization it is perceived as liberation of every human being from, the less human conditions of life such as poverty, disease, exploitative and oppressive structures, excessive social inequalities, ignorance, lack of culture and egoism³. Further, the christian idea of development is a search for a new humanism that will embrace the higher values of universal brotherhood, prayer and contemplation⁴.

A clear and comprehensive understanding of the various shades of meaning of the concept of development requires a separate discussion on its different dimensions and aspects.

Development as economic progress

The meeting of man's basic material needs is a fundamental basis for further human advancement be it on the level of social, cultural or spiritual spheres of life⁵. The often quoted phrase "to have more in order to be more" is a clear expression of this idea. A man deprived of the material things for the sustenance of his life will highly be pre-occupied with his biological needs of existence so much so that his human growth will get stunted. Hence, the achieving of economic progress is an important means as well as an essential part of development.

2. *Ibid* no. 14

3. *Ibid* nos. 20, 21

4. *Ibid* nos. 16, 21

5. Philip Land, What is Development? in A Sodapax Report, A Search for a Theology of Development (Geneva: 1969)

It is because of this conviction, the Churches have been emphasising the need to speed up the developmental efforts. The cry of the millions who go to bed with empty stomachs and the anguish of those who are marginalized need adequate and urgent attention⁶.

The dignity of man needs attention

In the realm of economic growth the primacy of man deserves serious attention. Being a subject he should be the agent of the economic growth as well as its object or purpose. This has wider meanings regarding the productive process and the use of the products. The prevalent tendency to reduce man to the level of an instrument in the productive machinery inhuman and detrimental to ideal development. A due respect to the dignity of the worker has to be maintained throughout the productive process. His fundamental rights such as the right to respectability, to participation, to human conditions of work, to family wage etc. deserve due attention in the developmental planning. Every individual must be able to eat his bread as the fruit of his work and not as a gift. This would necessitate the achievement of private ownership which, besides making man self-reliant, will give him an effective say in the decision making process of the community that will have some bearing on his life.

In the christian perspective the ultimate purpose of the economic growth is the service of man, and indeed of the whole man, viewed in terms of his material, moral, spiritual and religious life. It should facilitate the humanization of man and his society by liberating him from all bondages and making man more capable of increased brotherly love and friendship.

Here development is equated to increased productive efficiency, more consumption and other material achievements. This would mean that the social, cultural and religious dimensions of life and the promotion of jus-

6. Official Report of the World Conference on Church and Society (Geneva; July 1966, WCC, Geneva, 1967), p. 78.

tice and universal solidarity get only less importance. This tendency to consider "having more as being more" has been the subject of severe criticism from the part of the Church⁷. The ecclesial documents on social issues clearly point out, this ambivalent character of economic growth. The contention is that an over emphasis of the material growth can seriously damage the human growth of man and society. It can harden the hearts and minds of people leading to opposition, disunity, new worries and anxieties⁸.

Social justice and greater equality

Another important characteristics of ideal development, definitely, is the establishment of social justice and greater equality among people. The Church, no doubt, has taken a strong stand against the accumulation of wealth in the hands of a few individuals and nations. Pope Pius XI back in 1931 argued that the increased wealth must be equitably distributed among the various individuals and classes of society so that its ultimate purpose of serving every human being to meet his basic needs be fulfilled⁹. The accumulation of wealth was condemned by Pius XII as it would result in the formation of extreme poverty for the masses and unwelcome luxury for the affluent. Such a situation, necessarily is a violation of God's plan¹⁰.

It is worth observing here that by the beginning of 1970s the development experts and the governmental and non-governmental agencies began to think about development also in terms, of establishing justice and greater equality. Till that time, the distributional aspect of economic development was very much neglected. Consequent to it the gap between the rich and the poor got further widened leaving the poor masses as well as the developmental experts into utter confusion and desperation.

7. *Gaudium et Spes*, nos. 63, 64; Pope Paul VI, *op. cit.* no. 19.

8. *Ibid* no. 19; WCC General Assembly, Uppsala, 1968, Report on World Economic and Social Development, no. 21

9. Pope Pius XI, *Quadragesimo, Anno*, no. 57

10. Pope Pius XII, Speech to the Italian Catholic Action, 7th Sept. 1947, AAS. 38, p. 418.

Taking stock of this failure, the United Nations formulated the strategy for its Second Development Decade giving due priority to social justice measures. According to it a healthy and desirable objective of economic development "must be to bring about sustained improvement in the well-being of the individual and bestow benefits on all. If undue privileges, extremes of wealth and social injustice persist, development fails in its essential purpose"¹¹.

In recent years a new perspective is being added to the concept of social justice by extending its scope to the whole of humanity, without the distinction of colour, race or nationality. Regarding the national communities it is an accepted principle that every citizen has a fundamental right to get a fair share in the wealth of one's own country. This conviction has forced all civilized nations to enforce progressive taxation and enact welfare laws providing various pensions and securities to the needy and the marginalized. In the present context of the world wide relations, it is highly important that this aspect of social justice be extended to the whole world.

The contemporary situation of the world economy is far from the ideal. Twenty eight percent of the world population has approach to 81.4 % of the world income while 72 % of mankind share only 18.6 % of the total wealth ¹².

A close observation of the world economy will show the cruel contrast of the affluence of a small minority and the degrading poverty of the major part of humanity. According to reliable estimates 800 million people are destitute in the third world. Most of these are not able to afford to have an adequate diet.

The distribution of per capita income in the world, availability of land four different countries, the health and

11. International Development Strategy for the UN Second Development Decade, adopted by the UN General Assembly, Oct. 1970, p. 7.

12. World Bank Atlas, 1979, cfr. Tissa Balasuriya, *Planetary Theology*, (London: SCM Press Ltd., 1984) p. 27.

other facilities available in various parts of the world are indicative of the gross disparity in the sharing of the wealth of the world. According to the estimates of the World Bank 36 countries including China and India having 2,260 million population (more than half of the world population) have only less than \$370 per capita income. It is interesting to note that some countries like Bhutan, Bangladesh etc. have only less than \$100 while Kuwait has more than \$17,000. These disparities are paradoxical and they raise serious challenges.

In the context, it is being admitted that the poor people have a just claim on the accumulated wealth of the world mainly, for two reasons. The first reason why such a claim is justified is because of the common nature of the created goods and the universal brotherhood of man. The Second Vatican has made a categorical statement that "God intended the earth and all that it contains for the use of every human being and groups of people. Thus, as all men follow justice and unite in charity, created goods should abound for them on a reasonable basis"¹³. Pope Paul VI argues that no country can claim to keep its wealth for itself alone. Each nation has to plan its economy taking into account the universal purpose of the created goods and the welfare of human race¹⁴. According to the Pope an ideal development would necessitate the superfluous wealth of the rich countries be placed at the service of the poor. The rule of sharing the wealth of one nation with its own citizens has to be applied today to all the needy of the world¹⁵.

Another reason why such a re-distribution becomes the requisite of justice is because of the injustices of the past suffered by the present day developing parts of the world. Everybody would agree that the affluence of the developed countries and the naked poverty of the developing nations are the by-products of the defective and

13. *Gaudium et Spes*, no. 69.

14. Pope Paul VI, *op. cit.* no. 48.

15. *Ibid* no, 49

unjust economic and political world relations that existed in the past. The twin evils systems of the past, namely the colonialism and the international division of labour, the off-shoot of colonialism have heavily contributed to the unwelcome predicament of the Afro-Asian and Latin-American countries. It is on this ground Pope John Paul II during his recent visit to Africa has expressed apology for the misbehaviour of the western christian societies in their relations to the African continent: "Men belonging to christian nations", said the Pope, "did not always act as Christians and we ask our African brothers who suffered so much, for example because of the slave trade, for forgiveness"¹⁶.

A genuine concept of development in the context of contemporary history inevitably includes this dimension of the re-distribution of wealth among all nations and races. Bridging the gap between the developing and the developed countries has to get high priority in the developmental efforts as the widening gap threatens the world peace, besides it subjects the majority of mankind under cruel poverty.

Structural change as part of development

The traditional socio-economic and political entities seriously obstruct the genuine development especially of the powerless and the marginalized individuals and groups of people both in the developed and developing countries. The traditional societies, though they have a cultural patrimony to feel proud of, have very inept and outdated social arrangements as that of castes in India, racism in South Africa, tribalism in Africa.

In many of the developed and developing countries one can observe the existence of structure which are the by-products of the unsound systems such as colonialism, capitalism or socialism. As for instance, the gross disparity in the sharing of wealth and the present trend of the widening gap between the different economic sectors

16. *Time Weekly*, Aug. 26, 1985, p. 29

such as agriculture, service and industry are the products of colonialism and capitalism¹⁷. Aware of the this sectoral imbalance caused by the colonial and capitalistic overtones of the past, Pope John XXIII appealed for a structural reform within every country in view of safeguarding the interests of the agriculturists, the weakest groups of people¹⁸.

In the present context of history, there is a heavy concentration of political and social powers in a few individuals and groups of people, while the masses remain without due chance of participation in the decision making process of society. As for instance, the decisions which have serious bearing on the marginalized people often are taken by a few powerful persons. It is quite natural that the decisions they take will be too favourable to their selfish interests and consequently damaging to the interest of the poor. This also is the case with the international scene where a few highly industrialized nations take to themselves the right to take decisions on important questions that have bearing upon the whole of mankind. This, no doubt, is a deplorable situation. Establishment of true democracy in all its concreteness, therefore, is an inevitable part of development¹⁹.

International structures

The existing international economic and political structures for many reason have become very inefficient and unjust. These structures are built on the capitalistic principles that might is right, that profit can be maximized without any consideration for others, that the ethical norms have no role in economic activity, and, ultimately that the private ownership has an absolute character that has no limits and carries no corresponding social obligations²⁰.

17. Thomas Chakkath, *Value Clarification and Conscientization*, (Alwaye: Pontifical Institute Publication, 1974) pp. 72-79

18. Pope John XXIII, *Mater et Magistra*, nos. 122-152

19. Partnership or Privilege, An Ecumenical Reflection to the Second Development Decade, A Sodapax Report (Geneva: 1970) p. 11.

20. Pope Paul VI, *op. cit.* no. 26

A close observation of the past and the present world wide economic relations — colonial and neo-colonial — show how these structures have been causing the cruel exploitation of the marginalized nations and peoples²¹. Within nations, fortunately, this evil of exploitation was partly controlled by social legislations and the enforcement of appropriate economic policies.

The growing interdependence between nations and the complexity of world wide relations demand the formation of new structures which will take control of these relations and promote justice on the international scene. The Second Vatican Council, taking stock of this situation asserted that "adequate organization be established for fostering and harmonizing international trade, especially with respect to the less advanced countries, and for repairing the deficiencies caused by an excessive disproportion in the power possessed by various nations"²². The post-councilar social documents of the Church also lay strong emphasis on the need to give shape to a new world economic order²³ and the establishment of a World Authority²⁴.

The new International Economic Order, proposed by the Church as well as many well wishers of the developing countries, aim at the creation of economic justice, a more equitable world wide distribution of the wealth of the world, lessening of the widening gap between the haves and have-nots and checking the imbalance that is being created by a lop-sided world trade. The limited scope of our essay does not permit a detailed discussion on this issue of a New Economic Order and the World Authority.

This World Authority, when established, will have to re-alien the surface of the earth and the accumulated wealth of the world on the basis of fairness and social justice. It has to check the excessive consumption of the limited resources of the earth by the affluent minority of the world²⁵. Among the other tasks one would be the

21 Thomas Chakiath, *op. cit.* 22. *Gaudium et Spes*, nos. 84,86

23. Pope Paul VI, *op. cit.*, nos. 43-66

24. Pope John XXIII, *Pacem in Terris*, no. 137; Pope Paul VI, *op. cit.* no. 78

25. It is estimated that if all the peoples of the world were to con-

environmental protection so that the life of the future generations will be safeguarded. Serious scientists and the futurologists have begun to express anxiety over the growing rate of world wide pollution which has become a serious threat to the life of man on earth²⁶. A solution to these problems has to be an essential element of development. Thus the search for development should be also a search for the well being of the generations to come till the end of the world.

Development as liberation

Another shift in the concept of development is seen in the idea of liberation. Liberation as a concept and approach to development emerged only in 1960s and since then it has been in the process of an evolution as it is the case with the concept of development. Its original emphasis was the narrow socio-political and economic freedom and hence liberation meant freedom from external economic and political domination. The fact that this concept and approach were originated in the South-American continent, where there exist degrading political and economic oppression of the masses by a narrow minority explains why the liberation idea has political overtones.

Though South America is free from the colonial rules, it is still subjected to various kinds of slavery imposed by the dominant countries and elite groups of people within its own territory. In varying degrees this is true with many of the developing countries of the world. In such a context development must primarily be understood as liberation from such oppressive forces. In this sense, the October and the French revolutions as for examples, could be considered as liberative and hence part of development. Such narrowing down of liberation to merely political content of social life is dangerous, as it often, stops at the socio-political and economic freedom. This will be a mistake parallel to that of equating development to merely economic growth.

sume petroleum at the American rate the known petroleum reserves would be used up within six years. Cf. Tissa Balasuriya, *op.cit.* p.40; Brandt Commission Report, *op.cit.* pp. 19, 162. 26. *Ibid*

It would mean the concept of liberation should have wider meaning affecting every aspect of man's life. The concept of development proposed by the encyclical "Populorum Progressio" definitely has wider liberative characteristics, though it does not mention the term liberation. It sees development as a transition from less human conditions of life to better human conditions. In other words, it is a passage from all that restricts man's genuine progress towards an improved standard of life and a more human ways of living.

Liberation affects both the external and interior dimensions of man's life. Human existence demands freedom from all external realities which limits his growth. Thus he has to be primarily free from hunger, ignorance, superstition, domination by others. Such aspects of liberation are equivalent to the above discussed economic growth, just distribution and the structural reforms.

This would mean two things. The rapid economic growth that can be brought about by following the capitalistic way, though will liberate man eventually from destitution, will create new bondages. It will harden man's mind and strain his relationship with others thus creating painful alienation and the erosion of many human values as it is seen happening in the capitalistic countries. It will further the domination of the rich individuals and groups within countries and the world at large. The result of which will be continuous conflict and preparation for war. Peace can never be maintained by such an approach to development.

Another point to be noted is that the revolutionary structural changes, though they are inevitable in the present context, will not by themselves create genuine development or liberation, especially when it is achieved through violent revolutions. What is important is both the external and interior liberation go hand in hand. Discarding of either of these aspects seriously will endanger the true and genuine development of individuals and society at large.

In fact a close observation of the developmental efforts of the past clearly indicate an overemphasis laid

on liberation from the material needs and the structural oppressions while the interior liberation, namely the liberation from selfishness was neglected. This as we have seen helped to create many human problems even in the midst of new affluence. We do not want to belittle by no way the importance of external liberation. Our contention is that a continued liberation from the external bondages, which often are the creation of man's selfishness and greed, can be had only through a continuous liberation of man from all that limits his interior freedom to love and to do justice. In other words an ideal development should seek both the external and interior liberation of the person and society.

Humanization: a richer concept

Our discussion so far has brought us to the different aspects of development issues such as economic growth, social justice, structural change and finally liberation. These perspectives represent the different stages of progress in man's perception of development. Among these the idea of liberation seen as integral liberation, no doubt, is more comprehensive than others. However, because of its political overtones especially in its practical aspects, its potential to do adequate justice to the integral development of man is limited. This necessitates a search for a better understanding and a strategy for development. One can find this in the concept of humanization.

Humanization, as a developmental perceptive, is older than the liberation idea. This concept owes much to the famous development expert Fr. Lebreton O.P. whose contribution in this regard was taken into regard by Pope Paul VI²⁷. It is worth observing here that the Second Vatican, the recent Popes and the World Council of the Churches, time and again, have laid emphasis on this idea of humanization. All of them insist on the need for a more comprehensive and integral development of the 'whole man and all men'.

In other words the idea that man is the centre and crown of the universe should be given more importance in the development planning. This would mean that every reality, be it the good of the universe or the activities of men, must ultimately be oriented towards helping every human person, without the distinction of colour, race or nationality to become more human in all respects. Each and every person has to be the author of history and goal of everything. Once this goal of development is recognized the above mentioned structural change, justice, liberation etc. will be ensured.

Growth towards God and brother

Genuine humanization will lead man towards the growth of faith in God and in universal brotherhood. It is only through true relationship with God one can find his fullness of life — he fulfills his vocation by liberating himself from all egoism and thus relating himself to God. On the contrary, trying to achieve development apart from God is doomed to be a failure and will end itself only against man. Therefore the developing countries in their quest for rapid economic growth should have the prudence to base their efforts on ethical and religious values.

Another important aspect of humanization is the promotion of world wide human solidarity. Development would be highly defective if this aspect of brotherhood and friendship is lacking. For, man is fully human when he is free to live in peace and cooperation with his fellow human beings. The contemporary situation clearly shows that we cannot achieve real progress without the simultaneous development of all humanity in the spirit of solidarity.

Thus the concept of humanization covers all the dimensions of human life — material, social, spiritual. This would lead us to conclude that development understood as humanization must be the ultimate motive behind all developmental concerns. In this sense, the so called developed countries will also need further development.

Economic Cooperation between the European Community and Developing Countries

The "economic cooperation between the European community and the developing countries" is a rather vast and complex subject. First of all, this relation is different from one country to another, depending e. g. on whether or not the country concerned had special ties with one or more member states of the Community at the moment the latter was founded. Secondly, there exists a whole range of instruments designed to implement the Community's policies towards developing countries. Trade agreements, industrial cooperation and financial protocols — to name only a few important instruments — are so many different ways of helping to achieve the objectives of cooperation. What is indeed commonly referred to as the Community's "development policy" should indeed not be understood — or rather misunderstood — in the narrow sense of aid policy. Thirdly, the various institutional arrangements set up in order to make sure that the various cooperation agreements work smoothly and efficiently could be the subject of a separate and lengthy article. Finally, the same can be said of the active role played by the Community in the many international organizations, such as UNCTAD, where policies towards developing countries are conceived, discussed and developed.

Although even more features of the complexity and richness of the Community's development policies could be pointed at, the preceeding remarks make it sufficiently clear that this paper cannot possibly cover the whole ground. It will rather be a survey of the main lines and is certainly not trying to present a complete catalogue of measures and arrangements under the policies described hereafter.

We shall follow a geographical order, starting with the Lomé convention. This is indeed a convenient way to proceed, because this convention is not only the most comprehensive in terms of the number of countries involved but equally the most elaborate as to the objectives of the agreement and the instruments used to implement it. These instruments are to a varying extent — also used in the Community's economic cooperation with other countries or groups of countries.

The Lomé convention

On the 8th of december 1984, the third Lomé convention was signed between the European community and a group of 66 African, Carribean and Pacific countries, the so-called "ACP countries". This agreement is the latest in a series of agreements concluded between the Community and a growing number of (initially only African) developing countries. The Treaty of Rome, which established the European economic community provided for the possibility of granting financial aid to the Member states' colonies. Since 1958 these colonies were given grants, under a system of so-called "association". Following the general decolonisation, these non-negotiated association schemes were replaced by a negotiated convention, signed at Yaoundé in 1963 and extending over a period of five years. The Community's partners to the convention were 17 African states and Madagascar. At about the time the convention was renewed for another five years, cooperation was extended to three East-African countries (Kenya, Tanzania and Uganda, under the terms of the so-called Arusha agreement. During the early seventies, developing cooperation got momentum and the Community knew its first enlargement when the United Kingdom, Ireland and Denmark joined the original six Member states. These developments gave rise to a desire both on the side of the Community and of its partners, to set up an even more comprehensive agreement, not only in terms of more ambitious cooperation initiatives but equally of country coverage. The negotiations started between the Community and 46 African, Carribean and Paci-

fic countries led to the signature, on February 28th 1975, of the first Lomé convention for a period of 5 years.

The Lomé convention was more than just another agreement. It was the expression of a dynamic cooperation policy that, although limited in scope and certainly not perfect, was widely considered as a model for cooperation and dialogue between industrialized and developing countries. Four basic features characterizing the so called "Lomé spirit" are well worth being summed up here:

- lasting cooperation based on a legally binding agreement between two regional groups;
- respect for the political and social options of the partner;
- a comprehensive approach, combining different forms of cooperation, in other words: "trade And aid" instead of "trade, Not aid";
- continuous dialogue through appropriate institutional arrangements.

The convention was a milestone in North-South relations, not only because of the "Lomé-spirit" just referred to, but equally because of the fact that many forms of cooperation — such as the multilateralization of financial aid and the setting up of an export earnings stabilization system could — clearly be used in other agreements and got therefore an universal value, extending beyond their significance in the Lomé framework.

Already during the "lifetime" of this Lomé convention, a second agreement was negotiated and finally signed at Lomé. It covered another five-year period, starting as soon as the first convention came to an end. Although it was mainly a consolidation of "Lomé I", it contained an interesting innovation, namely the "Sysmin", a financing arrangement with respect to production capacity in the sector of minerals.

The present convention, "Lomé III", contains more fundamental changes. Apart from a clearer formulation of the different objectives and instruments, the new convention has shifted priorities and added new areas of co-

operation. Agricultural and rural development will now have top priority, because many developing countries, a number of whom were self-sufficient as to food only a few years ago, have become increasingly dependent on food imports. The development and exploitation of the ACP's fisheries resources is equally stressed. Other new features are the attention paid to private investment, the setting up of an aid fund for refugees and the systematic taking into account of the cultural and social dimension in the implementation of cooperation programmes. Finally the preamble of the convention contains, for the first time, a reference to human rights. A joint declaration annexed to the Final act reiterates the Contracting Parties' attachment to human dignity as an inalienable right and proclaim their determination to work effectively for the eradication of apartheid which constitutes a violation of human rights and an affront to human dignity. The same declaration says that ACP-EEC cooperation must help eliminate the obstacles preventing individuals and peoples from actually enjoying to the full their economic, social and cultural rights and that this must be achieved through the development which is essential to their dignity, their well-being and their self-fulfilment.

Let us now turn to the main features of the actual Lome-convention. An important part of it is devoted to *trade cooperation*. Except for the agricultural products covered by the European Community's Common Agricultural policy, the EC-market is characterized by a far-reaching openness towards products exported by developing countries (see e. g. what is said about the GSP, system further in this article) and by ACP countries in particular. More than 99% of imports of ACP origin enter the Community duty-free. The tariff concessions granted to ACP countries under the Lome agreement have a one-way character: ACP countries do indeed not have to grant reciprocal tariff cuts for EC products but are only required to give these products an import treatment at least as favourable as that applied to other countries (except other ACP or developing countries). ACP *industrial pro-*

ducts enter the Community free of all duties. Agricultural and fishery products however could not be given the same favourable treatment on a global basis, because, for some products, this would lead to complete disruption of the EC market. However, the situation has been examined product by product and the preferential measures adopted have already improved the access of these products to the Community market. The ACP's interests in the exports of bananas and rum to the Community are protected by special protocols annexed to the convention.

Another main title of the convention is the arrangements with respect to *agricultural commodities and raw materials*. The European community is indeed an important buyer of commodities such as coffee, cocoa beans, cotton, wood, leather etc... For such products, the first Lome convention already contained a system aiming at guaranteeing the stabilization of export earnings derived from the ACP countries' exports of products on which their economies are dependent and which are affected by fluctuations in the prices or in the quantities sold or in both these factors. The system, called *Stabex*, was no doubt the most original feature of the convention. It worked as a kind of insurance and, having proved its value, was gradually extended. At present the system covers a total of 48 agricultural commodities and derived products. When average export earnings for a product covered by the system fall under a certain reference level, the exporting ACP country gets a Stabex transfer. The convention stipulates that "the transfers shall be devoted to maintaining financial flows in the sector in question or, for the purpose for promoting diversification, directed towards other appropriate sectors and used for economic and social development". When the situation for the exports of the commodity concerned improves, so that export earnings return to a certain level, the recipient state may have to make repayments according to a predetermined procedure. The least developed countries however are exempt from this obligation and, more generally, debts are cancelled in case the situation shows no recovery over the first seven years following

the transfer. Sugar exports are governed by a special protocol, whereby the Community guarantees the purchase of a certain quantity (at guaranteed prices), the supply of which is guaranteed by the exporting ACP countries.

Another important export category for a number of ACP countries is the *mining products*. Already under the Lome II convention, a special financing facility, called *Sysmin* was set up in order to assist these ACP states whose economies are dependent on the mining sectors in their efforts to cope with a substantial fall in their production or export capacity. The present convention states that the fall may be due to "accidents and serious technical mishaps or grave political events, whether internal or external, or important technological and economic developments affecting the profitability of production". All ACP countries whose economy depends to a large extent on the mining sector may have recourse to the system. Aid granted under *Sysmin* is to be reimbursed, but the conditions of repayment are very favourable, especially for the least developed ACP countries.

The different measures taken in the framework of the convention require appropriate instruments for their implementation. The convention therefore contains a long series of articles on *financial and technical cooperation*. In addition to the funds available for *Stabex* and *Sysmin*, there exists a "European Development Fund" that provides financing for the various development initiatives eligible under the different policies of the convention. The EDF contributes e.g. to the financing of rural development programmes, regional integration efforts, microprojects, assistance in the form of human resources (engineers, technicians, experts, etc...) and so on.

Depending on the nature of the activity or measure to be financed, the EDF contribution can take the form of a subsidy or a loan or even of a contribution to risk capital. Moreover, the ACP countries can benefit from interesting loans from the European Investment Bank (EIB). Other types of financial cooperation are emergency aid and aid for refugees.

The purpose of *technical cooperation* is to provide enhanced support for the development of human resources in the ACP states. A basic principle is that external supplementary human resources (through the provision of technical assistance by consultancy firms, consulting engineers or experts) are only made available at the request of the ACP states concerned. Local expertise and skills are used in the first place and part of the assignment of assistance personnel is the training of local personnel to make the ACP countries less dependent in the areas concerned.

As to the different sectors supported by financial and technical cooperation, rural development became increasingly important, a growing number of projects being concerned with food crops. Other important sectors are industry, energy and mining. It is also worth mentioning that Lome III pays special attention to operations in favour of small and medium-sized enterprises. An interesting feature of the convention is the explicit recognition of the importance of *private investment* and the need to promote it by encouraging private economic operators to participate in the development effort of ACP countries. The contracting parties agreed to try to create a climate conducive to private investment and to study and encourage measures that will increase capital flows to ACP countries.

Finally, in order to assure a good working of the agreement, the necessary institutional arrangements are provided for, such as a Council of Ministers, a Committee of Ambassadors and a Joint Assembly consisting of members of the European Parliament and the ACP countries Parliaments.

That we have devoted a substantial part on this article to the Lome convention -- although this is by no means a complete survey of it but only a sketch of its main lines -- is justified by the importance of the agreement, not only as to the objectives and the variety of instruments for implementation but equally with respect to the number

of participants in the convention. Moreover, the agreements concluded between the community and other countries or regional groups provide for implementation measures similar to those described above. Dwelling on the Lome convention therefore seemed the best opportunity to illustrate through one very important concrete example the many forms economic cooperation with the developing world can take. We come now to the other strands of Community economic cooperation policy.

The Mediterranean agreements

A first strand is cooperation with the mediterranean countries. Up to 1972, the Community had already concluded a number of agreements with countries around the Mediterranean sea. But it was only after the summit meeting of the Heads of State or Government of the Community's Member states in October 1972 that a more global approach towards the Mediterranean basin made its way. It was felt that the existing agreements and the agreements to be concluded should be the subject of an overall and balanced approach. This approach has resulted in an impressive series of "overall cooperation agreements". After the conclusion of a free-trade and cooperation agreement with Israel in 1975, overall cooperation agreements were concluded first with the three Maghreb countries (Tunisia, Algeria, Morocco) in April 1976, subsequently with the three Mashreq countries (Egypt, Jordan and Syria) in January 1977 and finally with Lebanon in May 1977. Although differing in detail, the overall cooperation agreements were all cast in the same mould.

Unlike the Lome convention, the overall approach did not result in a collective agreement, the new agreements being indeed purely bilateral. But they all contained arrangements not only on trade but equally on technical and financial cooperation.

The *trade provisions* include duty-free and to a large extent quota-free entry of manufactured products into the EC market. For agricultural products, the concessions are, though important, less extensive because a

part of the Community's own production (e. g. citrus fruit, wine, olives) could not stand excessive competition. The concessions are made — as is the case in the Lomé convention — on a non-reciprocal basis; the community only gets the benefit of the most-favoured-nation-clause which means that its export products cannot be hit by higher tariffs than those applied to the nation "most favoured" by the other party to the agreement. Exceptions however are possible for other developing countries or as part of regional integration policies. That too is a similarity with Lomé.

An interesting characteristic of these mediterranean agreements is that they have been concluded for an *indefinite period*. The economic, financial and technical cooperation are of a lasting nature. Only the amount of the financial aid provided is fixed in protocols lasting five years. A Cooperation Council at ministerial level and a Cooperation Committee at ambassadorial level meet regularly in order to evaluate the results of the agreement and to define new policies.

The agreements with the Maghreb have a distinguishing feature. They contain, in a *social section*, certain provisions on labour, such as non-discrimination with respect to wages and working conditions and a number of social-security measures.

The agreement with Israel has also several special features, because of the level of the country's development. A main objective is the gradual creation of a free-trade zone. The Community's concessions were therefore matched by Israeli concessions for EC exports: gradual dismantling of tariffs and removal of quantitative restrictions for industrial products, limited tariff reductions for some agricultural products.

Although the agreements with other Mediterranean countries (Association agreements with Turkey, Malta and Cyprus; cooperation agreement with Yugoslavia) are not cast in the same mould as the preceeding ones, we refrain from treating them here, because the instruments used are of the same nature as those already described.

For Greece, Spain and Portugal, there is no need to explain past agreements with the Community of 6 member states, because Greece has joined the Community 5 years ago and the other two countries do so on January 1st 1986.

Policies towards the "non-associated" countries

The developing countries not linked to the Community by any of the preceeding agreements are — for convenience rather than accurately — often called "the non associated countries". They form a very heterogenous group, including not only the oil exporting countries but also many newly industrializing countries (NICs) and very poor countries. Some of these non-associated countries are very large: e.g. Brasil and India.

The main forms of economic cooperation policy towards these countries are the Community's Generalized System of Preferences (GSP) and the various economic and commercial cooperation agreements concluded with individual countries or groups of them. We shall only look at these two forms, although the Community participates in some other policies, such as the Gatt Multifibre agreement.

The GSP provides *Preferential* treatment for the exports of developing countries in order to support the industrialization of the beneficiaries. It is a *System* because the industrialized countries give the *same kind* of concessions although they have different arrangements to apply them (the EC, the US and Japan have all their own schemes). The system is *Generalized* because preferences are granted to *all* developing countries for a very *broad range* of products.

Exports under the GSP enter the markets of the importing countries either duty free or at preferential rates. About 20 OECD countries (members of the Paris-based Organization for Economic Cooperation and Development) grant such preferences and the EC has been the first to set up a scheme that started in 1971 for a ten-year period and was extended for another decade in 1980. About 127

independent countries are beneficiaries of this scheme. The least developed countries enjoy additional benefits. As the ACP countries get more generous tariff preferences under the Lome convention, the GSP is mainly used by the "non associated" countries. From the beginning, a large part of GSP benefits was reaped by about a dozen countries, among which India was a main beneficiary.

The economic and commercial agreements with non associated countries are of a non-preferential nature. This means that more trade is expected to be generated by bringing about changes in the industrial structure of the country concerned. This is to be realized by a variety of measures, such as transferring technology, developing better marketing techniques, improving Research and Development activities etc... These agreements therefore emphasize the need of cooperation between economic operators on both sides. The performance of the Asian countries (which include Indonesia, Malaysia, the Philippines, Singapore and Thailand) which absorb new technologies at a quick pace is an indicator of the validity of this approach.

Although the preceeding pages show sufficiently that the economic cooperation between the Community and the developing countries is very complex, they have certainly not covered all the different ways in which the EC cooperates with countries of the third world and contributes to their development. Such initiatives as developing and implementing a food strategy, granting food aid, setting up emergency aid, cofinancing development projects presented by non-governmental organizations (NGOs) etc... are not confined to specific "slots" of the policies described above. Moreover, the Community participates actively in all the development initiatives taken by international organizations, such as the United Nations' UNCTAD or international conferences on development (e.g. organized in the framework of the so-called North-South dialogue). We were not able to cover all the single agreements with non associated countries or even with regional groups.

such as *Asian* and the countries of the *Andean Pact* in South America. Finally, it should not be forgotten that the Community's member states have their own cooperation programmes and participate also in many multilateral initiatives. They are equally represented in such international organizations as the IMF and the World Bank. To do full justice to all this would require a book, not an article.

But let us take the case of India now. What are the main lines of economic cooperation between this great country and the European Community as such?

India and the European Community

Economic cooperation between the Community as such and India has existed and developed over the last 23 years. It is therefore only a few years younger than the Community itself. Agreements have been concluded in the past on a variety of subjects, such as jute and coir. At present, the cornerstone of the relation between India and the Community is a *commercial and cooperation agreement*. The will to strengthen and extend trade relations with India was expressed in a declaration of intent issued in 1972 by the then existing EC and the UK who was preparing to join the Community. Already in 1972, a commercial agreement was concluded between India and the EC. The Indian Trade center opened in Brussels with financial support from the EC is an example of cooperation under the agreement.

Both the Community and India however wanted to enlarge the cooperation. On June 23rd 1981, therefore, a new five-year agreement was signed on non preferential commercial and economic cooperation. It provides a basis for common action in the fields of *trade, industry, science, energy and finance*. A joint commission monitors the implementation of the agreement. This commission has adopted a programme for trade promotion to the benefit of India, decided to intensify the programme of industrial cooperation started in 1982 and set priorities for cooperation in science and technology.

The new agreement made it possible to organize a number of activities that will foster, directly or indirectly, *economic cooperation* between the Community and India. Seminars for businessmen and industrialists were organized in the main Indian cities on the problems of and prospects for economic relations between India and the EC. Within the Community, similar initiatives were taken to inform the business world about the possibilities for industrial cooperation in India. Industrialists of both sides met at a conference organized in New Dehli in 1983 in order to discuss the possibilities for cooperation in the form of joint ventures, licencing agreements etc... Participants to the conference came from four sectors where future co-operation seems to be very promising: electronics, telecommunications, industrial plastics and automobile parts. These are only a few among a whole series of initiatives launched in order to promote economic development in India and economic cooperation between this country and the Community.

Scientific and technical cooperation is another important field of action. A Science and Technology Joint Commission has to select and draw up research and development programmes. Programmes already underway cover such different subjects as conservation of energy on fishing boats, tropical agriculture and medicine.

Trade among India and the Community has benefited from various sectoral agreements, such as the Gatt Multi-fibre agreement (India is a major supplier of textiles and clothing to the EC) and the European-Indian agreement on jute products.

India is equally one of the *main beneficiaries* of the Community's GSP system under which developing countries are given total exemption from tariffs for industrial goods and reduced tariffs for agricultural products. For textiles, India is the main beneficiary (about 1/3 of the total). About 40% of Indian exports (mainly clothing, carpets and jute products) entered the Community free of duties. Besides this important share in the CSP, India is the *largest single beneficiary* (among Asian and Latin

American countries) of import-duty-free quotas which the EC grants annually for *handicraft and handloom products*.

Although the increase in trade between India and the Community has been impressive and although the EC is India's main trading partner, the country absorbs only a relatively small part (ca. 1.3 %) of total EC exports and represents an even smaller part (under 1 %) of the Community's imports. There is certainly scope for further development and also a need for it on the side of Indian exports, in order to reduce India's trade deficit with the EC. However, efforts will be required in order to further improve the quality of Indian exports.

It is worth recalling that India has received the *biggest share of credits in the EC's promotion budget* and that India is also the *largest single recipient of aid to non associated countries*. The aid granted covers a variety of programmes in such fields as trade promotion, training, food aid, disaster relief and projects for rural development. The aid is mainly provided under the Community's food aid programmes and the programme of project aid to the non associated countries of Asia and Latin America.

Conclusion

We can only repeat here that neither the Community's overall development policy nor its cooperation effort with India in particular have been described completely and in detail here-above. We have seen however that the different strands of Community cooperation policy with the developing countries are of a great variety and are being extended all the time. It is also clear that "co-operation" has, in the agreements between the Community and its many partners, the full meaning of working *together*, with common objectives and in respect for the economic, social and human reality of the partner countries. India is already an important industrial power in some respects and has a work force capable of acquiring very rapidly the skills required for the development even of the most advanced industries. On the other hand it is a country where mil-

lions are very poor in material terms. The ultimate goal of cooperation lies in joining all efforts in order to accelerate the development of India's enormous economic potential to the benefit, not only of an elite, but of the millions.

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